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Manufacturing Investment Statistics

Capital Appropriations

Third Quarter 1984

and

Capital Investment and Supply Conditions

October 1984

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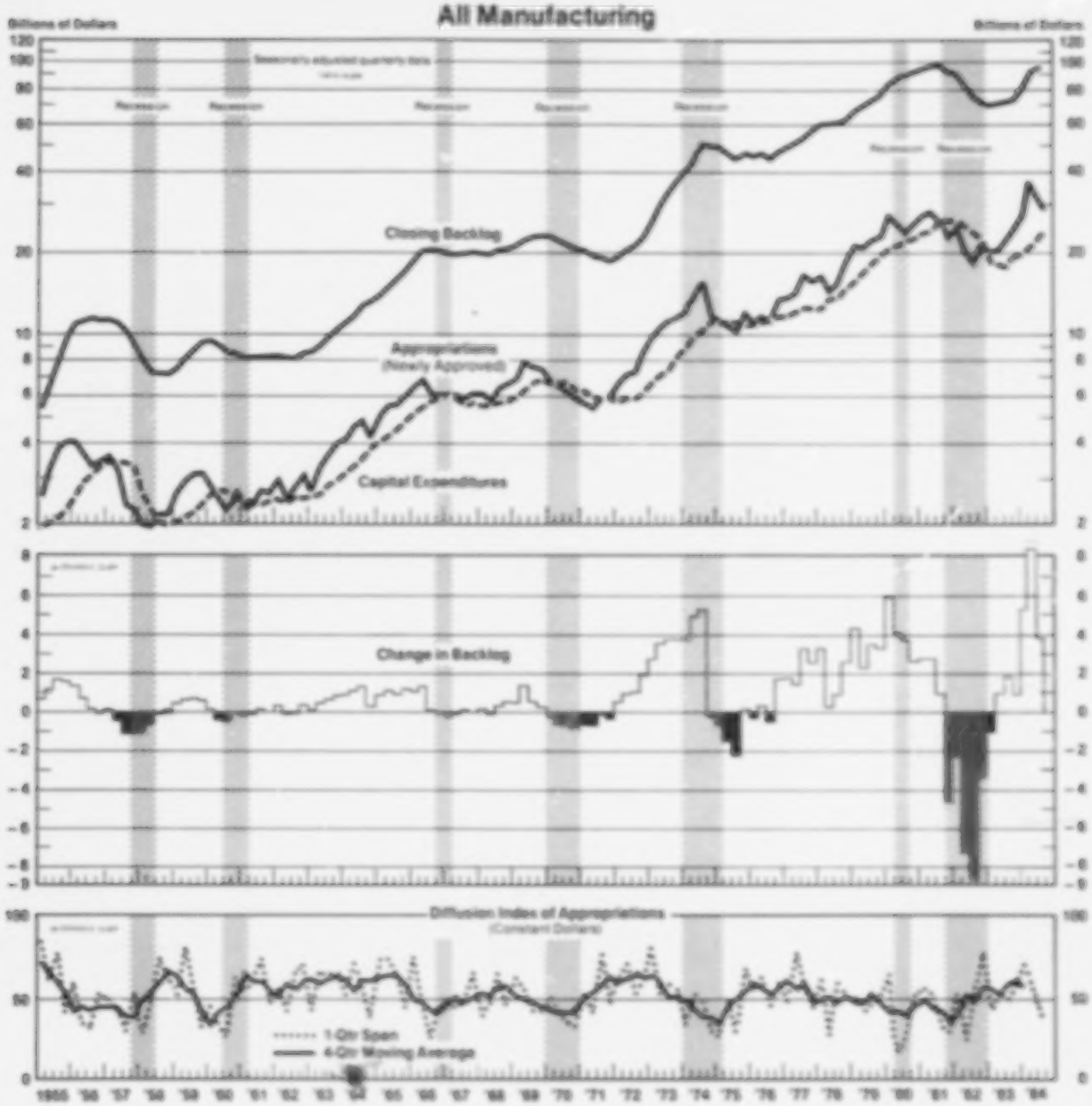
The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



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The Conference Board
Quarterly Survey of Capital Appropriations
Third Quarter 1984

During the third quarter, the 1,000 largest U.S. manufacturers appropriated $28.7 billion (seasonally adjusted) for new plant and equipment. Appropriations had surged 39% in the second quarter, to a record $37.2 billion. The third-quarter figure was 23% below that record, but was still the second largest appropriations total ever and $10 billion above the most recent cyclical low, which was registered two years ago. Durable goods producers' appropriations fell 37% in the third quarter, following a 55% jump in the second. For nondurables producers, a 3% drop in the third quarter followed a 21% rise in the second.

Cancellations and other adjustments of prior appropriations were $1.2 billion in the third quarter, a figure on the low side of the normal range. Net new appropriations were consequently $27.5 billion in the quarter. Although it was the second largest on record, the net figure for the latest quarter was down 23% from the second quarter—the same percent drop as for gross appropriations. This followed a surge in the second quarter of 42%—even larger than the advance in gross appropriations.

Capital spending of the 1,000 largest manufacturers rose 9% in the third quarter, to $23.8 billion (seasonally adjusted). This followed a 10% gain in the second quarter. Spending rose 13% in durable goods industries in the third quarter and 5% in nondurables industries.

With net capital appropriations of $27.5 billion in the latest quarter and capital spending of $23.8 billion, the backlog of unspent appropriations rose $3.8 billion (4%) to reach $96.3 billion at September 30. After nearly two years of advances, the backlog is almost $27 billion above the recession low recorded in March 1983, and nearly back to the peak recorded in September 1981.

The Outlook

Throughout 1984, the survey respondents' expectations have pointed to a 1984 appropriations total about 20% higher than the 1983 figure. In the latest survey, no question was asked about 1984 expectations since three quarters of the year were already over. However, if appropriations in the fourth quarter were to be unchanged from the third quarter, the 1984 total would turn out to be 38% above the 1983 figure. This divergence between expectations and a possible outcome mainly reflects the fact that fewer companies report expectations than report actual appropriations. In 1984, it happened that some companies (mainly in durables manufacturing) with very large actual appropriations were among those that do not report expectations. Consequently, the appropriations estimate for the full year based on three quarters of actual data points to a higher total than the expectations data have been suggesting.

On the basis of moderate assumptions for the fourth quarter, the large manufacturers' capital expenditures for the year should come in about 20% above the 1983 total. This would be below what the respondents' expectations have been suggesting (about 25%) and a bit above the all-manufacturing expectations reported by the Commerce Department in September (17%).

The latest survey was the first to collect the large manufacturers' expectations for 1985 appropriations and spending. These should be viewed as subject to very considerable revision. They point to a 13% decline in appropriations because of a subsidence in durables industries after this year's enormous surge, and a 12% rise in capital spending. A recent survey finding by McGraw-Hill points to a 16% rise in manufacturers' spending in 1985.

Lora S. Collins

November 28, 1984

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	IV-83 to I-84	I-84 to II-84	II-84 to III-84	III-83 to III-84	IV-83 to I-84	I-84 to II-84	II-84 to III-84	III-83 to III-84
				—APPROPRIATIONS—				
ALL MANUFACTURING	10.5	38.6	−22.7	26.0	13.3	35.6	−25.5	20.3
ALL MFG. EX PETROLEUM	16.3	42.6	−30.0	31.9	19.3	37.6	−30.5	27.8
DURABLE GOODS	23.9	55.3	−37.3	45.9	28.2	47.8	−37.7	40.8
Primary iron & steel	19.4	−56.6	23.8	2.0	24.6	−56.8	19.5	− 1.9
Primary nonferrous metals	35.3	−19.9	−17.3	7.6	48.0	−22.5	−17.6	4.9
Electrical machinery & equipment	− 8.6	−20.9	22.4	44.4	− 5.2	−23.3	19.9	41.2
Nonelectrical machinery	20.9	36.5	6.5	20.0	28.1	31.4	7.8	16.9
Motor vehicles & equipment	88.4	200.2	−87.2	26.9	99.3	180.0	−87.3	21.4
Other transportation equipment	32.8	39.8	6.0	64.1	29.7	36.4	−4.3	48.8
Stone, clay & glass	21.4	11.8	36.9	75.7	22.4	12.2	34.5	72.7
Fabricated metals	122.5	−31.7	12.5	5.0	129.9	−34.7	11.3	− 0.7
Instruments & photo equipment	4.9	14.6	−28.0	6.2	7.1	11.5	−28.6	4.1
Other durable goods†	− 5.8	1.6	150.9	507.4	− 8.5	2.0	140.5	501.4
NONDURABLE GOODS	− 0.6	21.2	− 3.3	12.8	0.9	22.5	−9.9	6.5
Food & beverages	34.4	21.0	−11.5	3.6	34.6	19.9	−14.7	− 1.6
Textiles	32.6	−25.4	−56.4	−55.0	34.5	−26.1	−56.9	−55.6
Paper & allied products	−12.1	84.6	−11.0	118.1	−10.8	84.7	− 9.8	115.4
Chemicals & allied products	8.3	0.9	2.4	2.3	12.0	− 0.6	0.0	1.0
Petroleum & coal products	− 6.2	24.1	7.3	12.5	− 4.5	27.8	− 5.5	2.5
Rubber products	56.3	−18.6	−10.4	35.3	41.8	− 9.2	−13.6	27.3
Other nondurable goods†	−41.0	44.8	−41.6	− 6.9	−41.7	43.1	−42.4	−11.5
				—EXPENDITURES—				
ALL MANUFACTURING	1.8	9.6	8.9	30.2	4.2	8.6	4.1	24.2
ALL MFG. EX PETROLEUM	2.6	9.0	9.6	33.3	5.2	6.7	7.5	28.9
DURABLE GOODS	− 0.1	15.1	13.0	47.9	3.4	11.4	10.9	42.8
Primary iron & steel	− 5.7	3.9	− 1.7	1.5	− 1.6	3.3	− 5.1	− 2.0
Primary nonferrous metals	− 8.0	− 0.6	34.3	49.8	0.5	− 3.9	33.7	46.9
Electrical machinery & equipment	− 0.6	15.5	10.7	56.1	3.1	12.1	8.5	52.6
Nonelectrical machinery	−14.0	10.1	21.6	31.6	− 8.9	6.0	23.0	28.3
Motor vehicles & equipment	15.8	21.5	− 2.0	77.5	22.5	13.3	− 2.7	69.6
Other transportation equipment	17.1	16.5	9.3	44.1	14.4	13.7	− 1.4	30.7
Stone, clay & glass	− 7.1	8.8	2.6	17.6	− 6.3	9.2	0.8	15.5
Fabricated metals	− 3.1	0.0	13.5	24.1	0.1	− 4.5	12.3	17.6
Instruments & photo equipment	11.1	26.8	− 5.1	25.5	13.4	23.4	− 5.8	23.1
Other durable goods†	− 6.9	27.6	104.5	199.4	− 9.5	28.1	96.0	196.9
NONDURABLE GOODS	3.3	5.2	5.4	17.3	4.9	6.4	− 1.6	10.7
Food & beverages	− 5.1	− 5.3	20.3	11.9	− 4.9	− 6.2	15.9	6.3
Textiles	9.0	4.9	− 6.9	23.2	10.5	4.0	− 7.9	21.6
Paper & allied products	− 2.7	3.4	10.0	18.0	− 1.3	3.5	11.5	16.4
Chemicals & allied products	13.5	8.9	− 2.7	18.3	17.3	7.3	− 5.0	16.7
Petroleum & coal products	− 0.7	11.4	6.7	21.6	1.2	14.7	− 6.0	10.7
Rubber products	25.1	−26.1	55.2	67.4	13.5	−17.6	49.7	57.9
Other nondurable goods†	10.9	−11.6	−13.8	−18.4	9.7	−12.7	−15.0	−22.5

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	IV-83	I-84	II-84	III-84	IV-83	I-84	II-84	III-84
ALL MANUFACTURING								
Opening backlog	72,568	73,496	78,648	92,515	73,572	74,048	76,705	83,520
Newly approved	24,262	26,816	37,154	28,720	12,102	13,715	18,592	13,852
Canceled	3,774	1,759	1,479	1,172	1,881	901	750	571
Capital expenditure	19,560	19,905	21,808	23,751	9,745	10,156	11,028	11,475
Closing backlog	73,496	78,648	92,515	96,312	74,048	76,705	83,520	85,325
DURABLE GOODS								
Opening backlog	28,717	29,536	33,593	44,436	32,461	32,880	34,988	40,263
Newly approved	11,024	13,662	21,216	13,307	5,520	7,076	10,460	6,521
Canceled	1,478	891	340	239	743	462	168	127
Capital expenditure	8,727	8,714	10,033	11,342	4,357	4,506	5,017	5,563
Closing backlog	29,536	33,593	44,436	46,162	32,880	34,988	40,263	41,094
Primary iron & steel								
Opening backlog	2,196	2,174	2,349	2,232	4,452	4,441	4,534	4,472
Newly approved	633	756	328	406	322	401	173	207
Canceled	161	115	−39	125	82	61	−21	64
Capital expenditure	494	466	484	476	251	247	256	243
Closing backlog	2,174	2,349	2,232	2,037	4,441	4,534	4,472	4,372
Primary nonferrous metals								
Opening backlog	3,189	3,117	3,083	3,145	3,455	3,421	3,403	3,434
Newly approved	331	448	359	297	159	235	182	150
Canceled	55	162	−21	− 9	26	85	−11	− 5
Capital expenditure	348	320	318	427	167	168	161	216
Closing backlog	3,117	3,083	3,145	3,024	3,421	3,403	3,434	3,373
Electrical machinery & equipment								
Opening backlog	4,401	5,267	6,025	5,894	4,338	4,770	5,163	5,097
Newly approved	3,157	2,884	2,281	2,791	1,576	1,494	1,146	1,374
Canceled	265	113	86	56	132	59	43	28
Capital expenditure	2,026	2,013	2,326	2,575	1,012	1,043	1,169	1,268
Closing backlog	5,267	6,025	5,894	6,054	4,770	5,163	5,097	5,176
Nonelectrical machinery								
Opening backlog	5,802	5,342	5,366	6,183	5,616	5,395	5,407	5,808
Newly approved	1,690	2,043	2,788	2,970	814	1,042	1,369	1,476
Canceled	119	272	48	177	57	139	24	88
Capital expenditure	2,031	1,747	1,923	2,338	978	891	944	1,162
Closing backlog	5,342	5,366	6,183	6,638	5,395	5,407	5,808	6,034
Motor vehicles & equipment								
Opening backlog	4,924	5,364	7,553	16,794	5,656	5,872	7,010	11,489
Newly approved	1,954	3,681	11,051	1,415	960	1,913	5,357	681
Canceled	328	119	142	−332	161	62	69	−160
Capital expenditure	1,186	1,373	1,668	1,635	583	714	809	787
Closing backlog	5,364	7,553	16,794	16,906	5,872	7,010	11,489	11,543
Other transportation equipment								
Opening backlog	2,446	2,461	2,615	3,076	2,250	2,257	2,335	2,562
Newly approved	833	1,106	1,546	1,639	431	559	762	729
Canceled	22	20	− 1	− 4	11	10	0	− 2
Capital expenditure	796	932	1,086	1,187	412	471	535	528
Closing backlog	2,461	2,615	3,076	3,532	2,257	2,335	2,562	2,765
Stone, clay & glass								
Opening backlog	1,492	1,457	1,544	1,694	1,931	1,913	1,958	2,036
Newly approved	440	534	597	817	226	277	310	418
Canceled	10	15	−23	11	5	8	−12	6
Capital expenditure	465	432	470	482	239	224	244	246
Closing backlog	1,457	1,544	1,694	2,018	1,913	1,958	2,036	2,202
Fabricated metals								
Opening backlog	1,366	1,092	1,251	1,286	1,506	1,364	1,449	1,467
Newly approved	173	385	263	296	89	206	134	149
Canceled	218	4	6	123	113	2	3	62
Capital expenditure	229	222	222	252	118	119	113	127
Closing backlog	1,092	1,251	1,286	1,207	1,364	1,449	1,467	1,427

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	IV-83	I-84	II-84	III-84	IV-83	I-84	II-84	III-84
Instruments & photo equipment								
Opening backlog	1,606	1,709	1,931	2,070	1,489	1,542	1,658	1,729
Newly approved	1,092	1,146	1,313	945	559	599	668	477
Canceled	230	81	105	95	118	42	53	48
Capital expenditure	759	843	1,069	1,015	389	441	544	512
Closing backlog	1,709	1,931	2,070	1,905	1,542	1,658	1,729	1,646
Other durable goods†								
Opening backlog	1,295	1,553	1,876	2,062	1,768	1,905	2,072	2,168
Newly approved	721	679	690	1,731	383	351	358	860
Canceled	70	−10	37	− 3	37	− 5	19	− 1
Capital expenditure	393	366	467	955	209	189	242	475
Closing backlog	1,553	1,876	2,062	2,841	1,905	2,072	2,168	2,556
NONDURABLE GOODS								
Opening backlog	43,851	43,960	45,055	48,079	41,111	41,167	41,717	43,257
Newly approved	13,238	13,154	15,938	15,413	6,582	6,638	8,133	7,331
Canceled	2,296	868	1,139	933	1,137	439	582	444
Capital expenditure	10,833	11,191	11,775	12,409	5,388	5,650	6,011	5,912
Closing backlog	43,960	45,055	48,079	50,150	41,167	41,717	43,257	44,231
Food & beverages								
Opening backlog	4,039	3,875	4,304	5,063	4,102	4,020	4,236	4,614
Newly approved	1,333	1,791	2,167	1,917	670	902	1,082	922
Canceled	97	33	150	138	49	17	75	66
Capital expenditure	1,400	1,329	1,258	1,513	704	669	628	728
Closing backlog	3,875	4,304	5,063	5,329	4,020	4,236	4,614	4,742
Textiles								
Opening backlog	789	833	850	821	826	848	857	842
Newly approved	341	452	337	147	175	236	174	75
Canceled	18	131	47	17	9	68	24	9
Capital expenditure	279	304	319	297	143	158	165	152
Closing backlog	833	850	821	654	848	857	842	757
Paper & allied products								
Opening backlog	4,337	3,964	4,017	4,984	4,049	3,858	3,886	4,389
Newly approved	1,136	999	1,844	1,642	582	519	959	866
Canceled	657	117	20	144	337	61	10	76
Capital expenditure	852	829	857	943	436	431	446	497
Closing backlog	3,964	4,017	4,984	5,539	3,858	3,886	4,389	4,681
Chemicals & allied products								
Opening backlog	7,115	7,437	7,628	7,573	8,150	8,313	8,412	8,384
Newly approved	2,673	2,895	2,920	2,989	1,348	1,509	1,500	1,500
Canceled	24	64	101	107	12	33	52	54
Capital expenditure	2,327	2,640	2,874	2,796	1,173	1,376	1,476	1,403
Closing backlog	7,437	7,628	7,573	7,659	8,313	8,412	8,384	8,427
Petroleum and coal products								
Opening backlog	22,795	22,519	22,896	23,874	20,123	19,988	20,176	20,676
Newly approved	6,221	5,834	7,240	7,769	3,036	2,900	3,707	3,504
Canceled	1,541	534	780	449	752	265	399	203
Capital expenditure	4,956	4,923	5,482	5,851	2,418	2,447	2,807	2,639
Closing backlog	22,519	22,896	23,874	25,343	19,988	20,176	20,676	21,339
Rubber products								
Opening backlog	1,026	1,127	1,256	1,351	1,099	1,151	1,211	1,260
Newly approved	286	447	364	326	147	208	189	163
Canceled	−66	4	37	−45	−34	2	19	−23
Capital expenditure	251	314	232	360	129	146	120	180
Closing backlog	1,127	1,256	1,351	1,362	1,151	1,211	1,260	1,265
Other nondurable goods†								
Opening backlog	3,750	4,205	4,104	4,413	2,762	2,990	2,940	3,091
Newly approved	1,248	736	1,066	623	625	365	522	301
Canceled	25	−15	4	123	13	− 7	2	59
Capital expenditure	768	852	753	649	385	422	369	313
Closing backlog	4,205	4,104	4,413	4,264	2,990	2,940	3,091	3,019

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	82-II	82-III	82-IV	83-I	83-II	83-III	83-IV	84-I	84-II	84-III
ALL MANUFACTURING	25	23	17	18	21	22	23	19	22	26
DURABLE GOODS	25	24	17	17	21	23	24	16	24	28
Primary iron and steel	3	3	2	3	12	10	18	7	7	16
Primary nonferrous metals	17	10	22	15	40	18	36	11	20	19
Electrical machinery & equipment	14	16	16	19	27	26	24	15	23	27
Nonelectrical machinery	37	34	19	10	18	22	35	20	30	24
Motor vehicles & equipment	34	34	25	14	17	26	29	14	34	34
Other transportation equipment	38	40	21	28	23	34	13	23	29	57
Stone, clay & glass	15	8	10	11	12	16	15	15	12	15
Fabricated metals	15	21	11	12	13	9	13	5	18	19
Instruments & photo equipment	18	19	11	15	14	19	16	12	19	19
Other durable goods	16	36	6	7	30	27	4	16	13	24
NONDURABLE GOODS	26	21	17	19	21	21	21	23	19	21
Food & beverages	29	25	25	27	28	24	22	24	25	34
Textiles	15	7	11	11	11	17	15	13	14	15
Paper & allied products	11	9	10	8	11	7	16	14	12	5
Chemicals & allied products	33	24	13	20	21	23	21	13	16	21
Rubber products	20	19	18	15	6	10	16	48	13	22
Other nondurable goods	20	29	24	21	26	23	23	29	31	33

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1983 ACTUAL, 1984 ESTIMATED AND 1985 EXPECTED*

	Appropriations			Expenditures		
	1983	1984	1985	1983	1984	1985
All Manufacturing	1	38	-13	-23	20	12
All Manufacturing except Petroleum	11	48	-16	-15	24	17
Durable goods	17	64	-38	-19	32	-4
Nondurable goods	- 9	18	14	-26	12	25
Petroleum	-18	11	- 1	-39	10	-4
Other	4	26	28	- 9	13	51

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1980	1981	1982	1983	1980	1981	1982	1983
				—APPROPRIATIONS—				
ALL MANUFACTURING	104,631	106,956	87,544	88,180	58,497	55,027	43,665	44,655
ALL MFG. EX PETROLEUM	71,756	70,052	56,020	62,462	40,215	37,054	28,584	31,941
DURABLE GOODS	44,271	42,146	32,031	37,537	24,893	22,355	16,306	19,193
Primary iron & steel	2,889	5,210	1,563	2,113	1,663	2,736	841	1,111
Primary nonferrous metals	3,384	2,482	1,082	1,164	1,883	1,497	564	578
Electrical machinery & equipment	6,544	5,787	6,663	8,869	3,668	3,073	3,446	4,476
Nonelectrical machinery	9,368	12,700	8,710	7,909	5,324	6,674	4,351	4,049
Motor vehicles & equipment	7,110	3,489	3,915	5,807	3,985	1,793	1,924	2,954
Other transportation equipment	4,201	3,099	3,225	3,601	2,293	1,589	1,599	1,816
Stone, clay & glass	2,043	2,094	1,562	1,625	1,178	1,126	826	849
Fabricated metals	1,571	1,765	1,022	960	881	931	531	506
Instruments & photo equipment	3,114	4,273	3,372	3,614	1,782	2,273	1,753	1,874
Other durable goods†	4,047	1,247	917	1,875	2,236	663	470	980
NONDURABLE GOODS	60,360	64,810	55,513	50,643	33,604	32,672	27,359	25,462
Food & beverages	6,603	5,772	5,792	5,909	3,706	3,022	2,927	2,978
Textiles	999	1,150	1,028	1,194	568	610	541	624
Paper & allied products	3,576	5,010	4,006	3,231	2,050	2,704	2,130	1,701
Chemicals & allied products	12,170	12,019	9,476	10,002	6,718	6,328	4,828	5,102
Petroleum & coal products	32,875	36,904	31,524	25,718	18,282	17,973	15,081	12,714
Rubber products	902	813	776	965	524	431	391	509
Other nondurable goods†	3,235	3,142	2,911	3,624	1,756	1,603	1,459	1,834
				—EXPENDITURES—				
ALL MANUFACTURING	88,209	101,341	98,614	75,710	49,327	51,949	49,205	38,416
ALL MFG. EX PETROLEUM	65,981	69,763	65,297	55,269	36,967	36,646	33,272	28,308
DURABLE GOODS	41,056	42,871	39,945	32,254	23,070	22,505	20,322	16,516
Primary iron & steel	3,458	3,405	3,545	2,136	1,992	1,797	1,912	1,130
Primary nonferrous metals	2,411	2,386	1,574	1,207	1,334	1,252	818	604
Electrical machinery & equipment	6,271	6,069	6,354	6,964	3,506	3,225	3,285	3,522
Nonelectrical machinery	9,826	11,289	10,906	7,768	5,569	5,939	5,425	3,969
Motor vehicles & equipment	5,555	6,688	5,610	4,007	3,109	3,429	2,749	2,042
Other transportation equipment	4,039	3,464	3,156	3,179	2,186	1,770	1,561	1,606
Stone, clay & glass	2,289	1,886	1,726	1,666	1,317	1,016	914	872
Fabricated metals	1,568	1,515	1,513	871	883	799	785	458
Instruments & photo equipment	2,889	3,629	3,827	3,145	1,653	1,931	1,988	1,634
Other durable goods†	2,750	2,540	1,734	1,311	1,521	1,347	885	679
NONDURABLE GOODS	47,153	58,470	58,669	43,456	26,257	29,443	28,883	21,900
Food & beverages	6,014	6,744	5,802	5,426	3,370	3,523	2,933	2,734
Textiles	900	1,039	1,044	975	508	550	550	511
Paper & allied products	3,859	3,746	3,653	3,357	2,199	2,025	1,935	1,774
Chemicals & allied products	10,918	11,785	11,180	9,340	6,021	6,199	5,690	4,770
Petroleum & coal products	22,228	31,578	33,317	20,441	12,360	15,303	15,933	10,108
Rubber products	801	749	704	889	465	398	355	468
Other nondurable goods†	2,433	2,829	2,969	3,028	1,333	1,445	1,487	1,535

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1984-II are revised; data for 1984-III are preliminary.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

October 1984

Reports of shortages and bottlenecks, which had been on the rise earlier this year, diminished in the October and November responses to the Quarterly Survey of Capital Investment and Supply Conditions. The pressure of demand on existing capacity rose slightly between July and October, but not above the unimpressive level registered in the April survey, and one third of the large manufacturers continued to report excess capacity. Nevertheless, a growing number of the companies are planning to expand capacity. The proportion of internal funds in the projected capital spending mix for the current half-year, though still very high by past standards, has been revised downward.

Expansion of capacity was planned by 53% of the respondents in October (weighted by assets, Table 2), up from 50% in July and well above the 41% low of July 1983. Industries posting the sharpest increases in their "expansion" response in October were nonferrous metals, electrical machinery, miscellaneous durables, and rubber. In recent years, a lower incidence of expansion plans among petroleum companies has depressed the overall response. In October, 61% of *nonpetroleum* manufacturers intended to expand capacity, as compared with a 46% low in July 1983; thus, in 15 months the percentage has climbed halfway to the average (75%) that prevailed in 1976-81.

Current capacity was reported "inadequate" in October by 10% of respondents (Table 1), up from 8% in July. This is a lower-than-typical level: the "inadequate" response averaged 16% in 1976-81 (and had reached 58% in 1974). The October increase was attributable mainly to durables industries, most notably nonautomotive transportation equipment. "More than adequate" capacity continued to be reported by 36% of respondents overall, essentially unchanged from the two preceding surveys. In October, as in the past two years, underutilization was highest in steel and in petroleum. Excluding petroleum, the "more than adequate" response in October was 27%, a little lower than in July and the same as in April.

Between January 1983 and April 1984, the percent of respondents reporting excess capacity fell from a record 53% to 36% (excluding petroleum, from 52% to 27%). Within that period, the first reported drop in excess capacity (April 1983, Table 1) was followed six months later by the first reported rise in plans to add capacity (October 1983, Table 2). Now that excess capacity appears to have stabilized, it might be expected that intentions to expand capacity, though appreciably more widespread than a year ago, will level off.

A number of respondents reassessed the financing of their capital expenditures in the current half-year, shaving down the percentage they would obtain internally (Table 4). This percentage, as finally revised in October, was 89.1%—the same as the initial estimate made last January for the second half of the year. In April and October the estimate rose to 91.6% and a record 91.9%. As it stands now, the internal funds ratio for second half 1984 is the lowest of the three recent half-year periods. The manufacturers also noted a minuscule easing of external funds availability in October (Table 5), but made no significant revision in their expected resort to external sources in first half 1985; in that period, the portion of capital spending funds to be obtained outside the company was again projected at only 8%, which if realized would be a record low.

M. Nichols

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	July 1982	Oct. 1982	Jan. 1982	Apr. 1983	July 1983	Oct. 1983	Jan. 1983	Apr. 1984	July 1984	Oct. 1984
					Inadequate					
All Manufacturing	7.9	7.0	6.8	6.8	6.3	8.3	9.6	10.2	8.2	10.0
Durable goods	10.9	11.1	10.2	10.8	9.5	14.7	18.3	18.1	14.2	16.8
Nondurable goods	5.2	3.3	3.7	3.4	3.5	3.2	2.6	3.7	3.2	4.3
					Sufficient					
All Manufacturing	45.0	41.9	39.8	44.6	47.9	50.6	52.9	54.3	55.3	54.4
Durable goods	44.6	39.4	34.0	40.6	50.0	44.3	47.5	49.0	49.0	50.3
Nondurable goods	45.3	44.1	45.0	47.9	46.0	55.6	57.2	58.6	60.5	57.8
					More Than Adequate					
All Manufacturing	47.1	51.1	53.4	48.6	45.8	41.1	37.5	35.5	36.5	35.6
Durable goods	44.5	49.5	55.9	48.6	40.5	41.0	34.2	32.9	36.8	32.9
Nondurable goods	49.6	52.6	51.3	48.7	50.5	41.2	40.2	37.7	36.3	37.9

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	July 1982	Oct. 1982	Jan. 1982	Apr. 1983	July 1983	Oct. 1983	Jan. 1983	Apr. 1984	July 1984	Oct. 1984
					Expansion					
All Manufacturing	56.5	56.8	46.1	45.6	40.6	44.4	46.1	49.2	49.7	52.7
Durable goods	53.3	40.7	39.9	43.4	40.9	46.0	45.2	49.0	51.6	58.8
Nondurable goods	59.5	71.6	51.7	47.3	40.3	43.1	46.9	49.4	48.1	47.6
					No Change					
All Manufacturing	36.1	37.1	44.4	44.5	50.3	44.7	48.3	48.2	46.1	44.8
Durable goods	38.5	46.9	49.3	45.5	48.8	39.9	42.6	45.6	39.2	36.4
Nondurable goods	33.9	28.1	40.0	43.6	51.6	48.5	52.8	50.3	51.9	51.9
					Reduction					
All Manufacturing	7.4	6.1	9.6	10.0	9.2	10.9	5.6	2.6	4.2	2.5
Durable goods	8.2	12.4	10.8	11.1	10.3	14.1	12.2	5.4	9.2	4.8
Nondurable goods	6.7	0.3	8.4	9.1	8.2	8.4	0.3	0.3	0.0	0.6

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	July 1982	Oct. 1982	Jan. 1982	Apr. 1983	July 1983	Oct. 1983	Jan. 1983	Apr. 1984	July 1984	Oct. 1984
					Raw Materials					
All Manufacturing	0.1	0.1	0.0	0.0	0.0	0.2	0.8	0.9	1.0	0.1
Durable goods	0.2	0.2	0.0	0.0	0.0	0.3	1.0	0.0	0.1	0.1
Nondurable goods	0.0	0.0	0.0	0.0	0.1	0.1	0.6	1.6	1.7	0.0
					Processed Goods					
All Manufacturing	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.2	0.3	0.3
Durable goods	0.0	0.0	0.0	0.0	0.5	0.2	0.2	0.4	0.7	0.6
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Durable goods	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1981		1982		1983		1984		1985
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r-3)	First Half (r-1)
From Internal Sources									
All Manufacturing	84.3	83.6	81.3	81.5	87.0	89.9	91.2	89.1	92.1
Durable goods	82.4	83.9	79.7	78.3	85.3	88.2	89.4	87.3	91.9
Nondurable goods	85.7	83.4	82.6	84.2	88.4	91.3	92.8	90.7	92.3
From External Sources									
All Manufacturing	15.7	16.4	18.7	18.5	13.0	10.1	8.8	10.9	7.9
Durable goods	17.6	16.1	20.3	21.7	14.7	11.8	10.6	12.7	8.1
Nondurable goods	14.3	16.6	17.4	15.8	11.6	8.7	7.2	9.3	7.7

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	July 1982	Oct. 1982	Jan. 1982	Apr. 1983	July 1983	Oct. 1983	Jan. 1983	Apr. 1984	July 1984	Oct. 1984
Easier										
All Manufacturing	3.5	15.4	16.6	15.9	9.5	11.4	9.3	5.1	5.0	5.3
Durable goods	3.5	17.4	19.9	16.7	9.6	10.6	9.4	5.2	5.2	5.7
Nondurable goods	3.6	13.4	13.2	15.1	9.4	12.3	9.1	5.1	4.8	4.9
Same										
All Manufacturing	89.2	79.2	78.3	81.3	87.1	86.7	88.2	90.8	91.9	92.2
Durable goods	88.6	75.5	74.4	79.6	86.9	87.3	87.2	91.6	91.6	91.2
Nondurable goods	89.8	82.8	82.4	82.8	87.3	86.1	89.2	89.9	92.2	93.3
Tighter										
All Manufacturing	7.3	5.4	5.1	2.9	3.4	1.9	2.5	4.1	3.1	2.5
Durable goods	8.0	7.1	5.8	3.8	3.5	2.1	3.3	3.1	3.1	3.1
Nondurable goods	6.6	3.8	4.4	2.1	3.3	1.6	1.7	5.1	3.0	1.8

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Manufacturing Investment Statistics

Capital Appropriations

Fourth Quarter 1984

and

Capital Investment and Supply Conditions

January 1985

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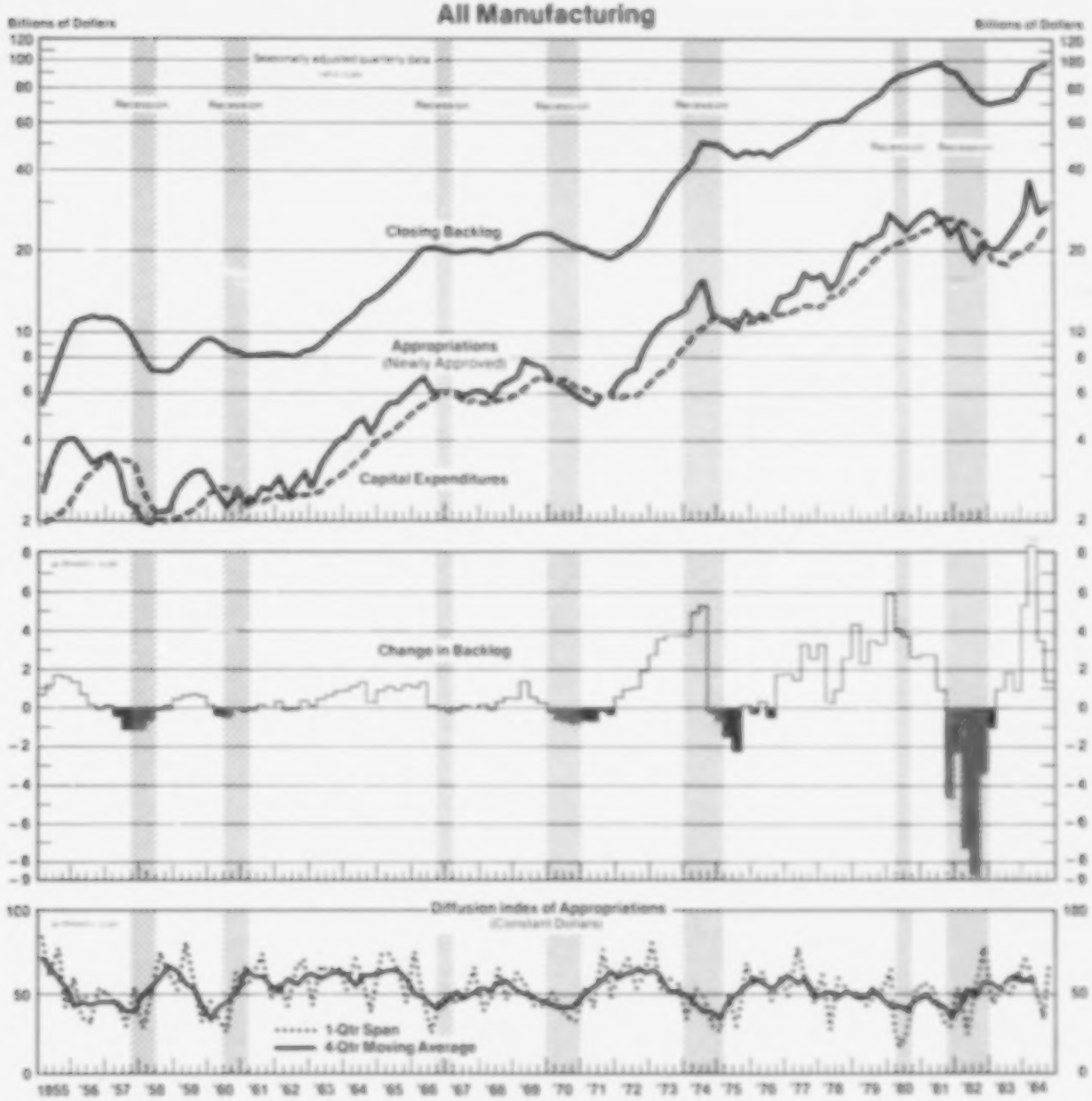
The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION


All Manufacturing
Billions of Dollars
Billions of Dollars
Closing Backlog
Appropriations
(Newly Approved)
Capital Expenditures
Change in Backlog
Diffusion Index of Appropriations
(Constant Dollars)
1-Qtr Span
4-Qtr Moving Average
1955 '56 '57 '58 '59 '60 '61 '62 '63 '64 '65 '66 '67 '68 '69 '70 '71 '72 '73 '74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84

Surveys conducted by Douglas Cliggott
Business Conditions Analysis Department—Lora S. Collins, Director

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The Conference Board
Quarterly Survey of Capital Appropriations
Fourth Quarter 1984

New capital appropriations of the nation's 1,000 largest manufacturers rose sharply in 1984 to an annual total of $116.0 billion, a 32% increase over 1983. Capital spending also showed a nice increase in 1984, rising to $90.4 billion, 19% above its 1983 level. For 1985, the outlook is for further increases in new appropriations, but at a slower (7%) pace. Survey respondents expect capital spending by the nation's 1,000 largest manufacturers to accelerate in 1985, increasing 34% over the 1984 total.

Fourth Quarter Developments

New capital appropriations were $29.0 billion (seasonally adjusted) in the fourth quarter of 1984, up 5% from the third quarter. The third quarter figure has been revised down by 4 percent. The fourth quarter appropriations total was significantly affected by a large decline in appropriations by the petroleum industry. Exluding the petroleum industry, appropriations increased 17% in the fourth quarter to $23.2 billion (seasonally adjusted). In total, 11 industrial groupings reported increases in appropriations, while 6 reported declines.

Cancellations and adjustments were a rather high $2.7 billion in the fourth quarter, leaving $26.3 billion of net new appropriations. This figure is identical to the third quarter net new appropriations total. Excluding the petroleum industry, net new approrpiations rose 11 percent.

Capital spending rose 9% in the fourth quarter, to $25.0 billion. This marks the fifth consecutive quarterly increase and represents a 37% increase over the third quarter of 1983 (the most recent capital spending trough). The increase in capital spending was widespread, with 12 of the 17 industrial groupings reporting gains. Spending rose 13% in durable goods industries and 5% in nondurables industries.

With net capital appropriations of $26.3 billion in the latest quarter and capital spending of $25.0 billion, the backlog of unspent appropriations rose $1.3 billion (1.4%) to $97.2 billion at December 31. After nearly two years of advances, the backlog is now $0.2 billion above the previous all-time peak recorded in September 1981 and $27.6 billion above the recession low.

Prospects for 1985

The projected full year 1985 appropriations and spending totals, based on survey respondents' expectations, have both increased by approximately 20% from those reported in our third quarter survey. The expected 1985 percent changes and actual percent changes in 1983 and 1984 are shown below.

	1983	1984	1985 survey taken in: 10/84	1985 survey taken in: 1/85
Appropriations	1	32	−13	7
Expenditures	−23	19	12	34

The October survey results, which indicated an increase in capital spending in 1985 of 12% by the largest manufacturing companies, matched those of the Commerce Department survey of all manufacturers conducted in October and November, which indicated a planned spending increase of 11.6% for 1985. The improvement in financial conditions during the fourth quarter of 1984 (increasing cash flows and declining interest rates) as well as the brightening economic outlook for 1985 provide a basis for the upward shift in respondents' expectations.

Douglas Cliggott

March 4, 1985

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	I-84 to II-84	II-84 to III-84	III-84 to IV-84	IV-83 to IV-84	I-84 to II-84	II-84 to III-84	III-84 to IV-84	IV-83 to IV-84
				—APPROPRIATIONS—				
ALL MANUFACTURING	38.6	-25.7	5.0	19.5	35.6	-28.3	8.0	19.0
ALL MFG. EX PETROLEUM	42.6	-33.7	16.8	28.4	37.6	-34.0	18.1	28.0
DURABLE GOODS	55.3	-40.5	17.3	34.2	47.8	-40.7	19.2	33.8
Primary iron & steel	-56.6	23.8	76.6	13.3	-56.8	19.7	77.0	14.0
Primary nonferrous metals	-19.9	-32.6	38.0	0.9	-22.5	-32.1	36.3	5.7
Electrical machinery & equipment	-20.9	21.7	47.4	29.6	-23.3	19.5	49.3	29.8
Nonelectrical machinery	36.5	6.1	4.5	83.0	31.4	8.0	5.8	92.1
Motor vehicles & equipment	200.2	-87.1	95.3	42.0	180.0	-87.2	100.5	43.0
Other transportation equipment	39.8	- 6.6	-16.8	44.2	36.4	-15.3	9.4	35.7
Stone, clay & glass	11.8	57.3	-33.3	42.3	12.2	55.4	-35.4	38.1
Fabricated metals	-31.7	13.7	- 9.7	56.1	-34.7	12.7	- 8.3	56.2
Instruments & photo equipment	14.6	-24.8	27.5	15.4	11.5	-27.1	26.7	10.6
Other durable goods†	1.6	65.5	-62.8	-41.1	2.0	59.0	-62.0	-43.6
NONDURABLE GOODS	21.2	- 6.0	- 5.2	7.2	22.5	-12.4	- 1.6	6.5
Food & beverages	21.0	-18.1	-26.3	- 1.8	19.9	-20.4	-24.1	- 2.4
Textiles	-25.4	-62.0	74.2	-34.6	-26.1	-62.5	75.2	-34.3
Paper & allied products	84.6	-19.3	41.0	84.8	84.7	-18.0	32.9	79.6
Chemicals & allied products	0.9	- 3.5	18.2	24.6	- 0.6	- 5.5	20.0	26.1
Petroleum & coal products	24.1	7.1	-24.9	- 6.5	27.8	- 5.5	-20.1	- 7.8
Rubber products	-18.6	-33.2	84.0	56.3	- 9.2	-35.3	81.1	50.3
Other nondurable goods†	44.8	-27.7	25.0	-22.8	43.1	-28.5	28.3	-23.4
				—EXPENDITURES—				
ALL MANUFACTURING	9.6	5.1	8.9	27.6	8.6	0.5	11.8	27.2
ALL MFG. EX PETROLEUM	9.0	5.4	14.1	34.4	6.7	3.4	15.7	34.3
DURABLE GOODS	15.1	9.9	13.0	42.9	11.4	7.9	15.1	43.0
Primary iron & steel	3.9	- 1.2	10.9	7.3	3.3	- 4.5	11.1	8.0
Primary nonferrous metals	- 0.6	6.0	55.5	50.6	- 3.9	6.7	53.5	58.1
Electrical machinery & equipment	15.5	10.3	15.6	46.4	12.1	8.3	17.1	46.4
Nonelectrical machinery	10.1	23.7	5.9	24.0	6.0	25.8	7.2	30.2
Motor vehicles & equipment	21.5	- 1.9	35.5	86.9	13.3	- 2.5	39.1	88.2
Other transportation equipment	16.5	8.7	- 5.6	40.1	13.7	- 1.3	2.9	31.8
Stone, clay & glass	8.8	10.0	25.3	39.4	9.2	8.7	21.5	35.1
Fabricated metals	0.0	18.0	16.4	33.2	- 4.5	17.0	18.2	33.1
Instruments & photo equipment	26.8	1.1	-11.0	26.7	23.4	- 2.0	-11.6	21.3
Other durable goods†	27.6	27.6	14.8	74.0	28.1	22.6	17.3	66.5
NONDURABLE GOODS	5.2	1.0	5.0	15.3	6.4	- 5.6	8.7	14.5
Food & beverages	- 5.3	8.9	8.3	6.0	- 6.2	5.9	11.5	5.3
Textiles	4.9	- 8.8	- 9.6	- 5.7	4.0	- 9.9	- 9.1	- 5.6
Paper & allied products	3.4	- 0.2	43.5	44.0	3.5	1.3	35.3	40.1
Chemicals & allied products	8.9	- 8.3	14.9	30.1	7.3	-10.3	16.7	31.8
Petroleum & coal products	11.4	4.4	- 6.9	7.4	14.7	- 7.9	- 1.0	5.9
Rubber products	-26.1	23.7	61.3	84.5	-17.6	20.0	58.8	77.5
Other nondurable goods†	-11.6	- 2.5	- 4.9	- 9.1	-12.7	- 3.7	- 2.4	- 9.9

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	I-84	II-84	III-84	IV-84	I-84	II-84	III-84	IV-84
ALL MANUFACTURING								
Opening backlog	73,496	78,648	92,515	95,901	74,048	76,705	83,520	85,134
Newly approved	26,816	37,154	27,592	28,984	13,715	18,592	13,327	14,398
Canceled	1,759	1,479	1,282	2,687	901	750	624	1,331
Capital expenditure	19,905	21,808	22,924	24,956	10,156	11,028	11,089	12,399
Closing backlog	78,648	92,515	95,901	97,242	76,705	83,520	85,134	85,802
DURABLE GOODS								
Opening backlog	29,536	33,593	44,436	45,739	32,880	34,988	40,263	40,900
Newly approved	13,662	21,216	12,617	14,794	7,076	10,460	6,199	7,387
Canceled	891	340	283	1,435	462	168	149	716
Capital expenditure	8,714	10,033	11,031	12,469	4,506	5,017	5,414	6,230
Closing backlog	33,593	44,436	45,739	46,629	34,988	40,263	40,900	41,341
Primary iron & steel								
Opening backlog	2,174	2,349	2,232	2,037	4,441	4,534	4,472	4,372
Newly approved	756	328	406	717	401	173	207	367
Canceled	115	– 39	123	82	61	– 21	63	42
Capital expenditure	466	484	478	530	247	256	244	271
Closing backlog	2,349	2,232	2,037	2,142	4,534	4,472	4,372	4,426
Primary nonferrous metals								
Opening backlog	3,117	3,083	3,145	3,064	3,421	3,403	3,434	3,393
Newly approved	448	359	242	334	235	182	124	168
Canceled	162	– 21	– 14	508	85	– 11	– 7	256
Capital expenditure	320	318	337	524	168	161	172	264
Closing backlog	3,083	3,145	3,064	2,366	3,403	3,434	3,393	3,041
Electrical machinery & equipment								
Opening backlog	5,267	6,025	5,894	6,051	4,770	5,163	5,097	5,175
Newly approved	2,884	2,281	2,777	4,093	1,494	1,146	1,370	2,095
Canceled	113	86	55	307	59	43	27	153
Capital expenditure	2,013	2,326	2,565	2,966	1,043	1,169	1,265	1,482
Closing backlog	6,025	5,894	6,051	6,871	5,163	5,097	5,175	5,584
Nonelectrical machinery								
Opening backlog	5,342	5,366	6,183	6,509	5,395	5,407	5,808	5,971
Newly approved	2,043	2,788	2,959	3,093	1,042	1,369	1,478	1,564
Canceled	272	48	255	– 65	139	24	127	– 33
Capital expenditure	1,747	1,923	2,378	2,518	891	944	1,188	1,273
Closing backlog	5,366	6,183	6,509	7,149	5,407	5,808	5,971	6,295
Motor vehicles & equipment								
Opening backlog	5,364	7,553	16,794	16,912	5,872	7,010	11,489	11,546
Newly approved	3,681	11,051	1,421	2,775	1,913	5,357	685	1,373
Canceled	119	142	– 333	518	62	69	– 161	256
Capital expenditure	1,373	1,668	1,636	2,217	714	809	789	1,097
Closing backlog	7,553	16,794	16,912	16,952	7,010	11,489	11,546	11,566
Other transportation equipment								
Opening backlog	2,461	2,615	3,076	3,343	2,257	2,335	2,562	2,682
Newly approved	1,106	1,546	1,444	1,201	559	762	646	585
Canceled	20	– 1	– 4	– 58	10	0	– 2	– 28
Capital expenditure	932	1,086	1,181	1,115	471	535	528	543
Closing backlog	2,615	3,076	3,343	3,487	2,335	2,562	2,682	2,752
Stone, clay & glass								
Opening backlog	1,457	1,544	1,694	2,106	1,913	1,958	2,036	2,248
Newly approved	534	597	939	626	277	310	483	312
Canceled	15	– 23	10	– 24	8	– 12	5	– 12
Capital expenditure	432	470	517	648	224	244	266	323
Closing backlog	1,544	1,694	2,106	2,108	1,958	2,036	2,248	2,249
Fabricated metals								
Opening backlog	1,092	1,251	1,286	1,212	1,364	1,449	1,467	1,430
Newly approved	385	263	299	270	206	134	151	139
Canceled	4	6	111	31	2	3	56	16
Capital expenditure	222	222	262	305	119	113	133	157
Closing backlog	1,251	1,286	1,212	1,146	1,449	1,467	1,430	1,396

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	I-84	II-84	III-84	IV-84	I-84	II-84	III-84	IV-84
Instruments & photo equipment								
Opening backlog	1,709	1,931	2,070	1,899	1,542	1,658	1,729	1,645
Newly approved	1,146	1,313	988	1,260	599	668	487	618
Canceled	81	105	78	203	42	53	38	100
Capital expenditure	843	1,069	1,081	962	441	544	533	472
Closing backlog	1,931	2,070	1,899	1,994	1,658	1,729	1,645	1,691
Other durable goods†								
Opening backlog	1,553	1,876	2,062	2,606	1,905	2,072	2,168	2,439
Newly approved	679	690	1,142	475	351	358	569	216
Canceled	−10	37	2	−67	− 5	19	1	−34
Capital expenditure	366	467	596	684	189	242	297	348
Closing backlog	1,876	2,062	2,606	2,414	2,072	2,168	2,439	2,342
NONDURABLE GOODS								
Opening backlog	43,960	45,055	48,079	50,162	41,167	41,717	43,257	44,234
Newly approved	13,154	15,938	14,975	14,190	6,638	8,133	7,128	7,011
Canceled	868	1,139	999	1,252	439	582	476	615
Capital expenditure	11,191	11,775	11,893	12,487	5,650	6,011	5,674	6,169
Closing backlog	45,055	48,079	50,162	50,613	41,717	43,257	44,234	44,462
Food & beverages								
Opening backlog	3,875	4,304	5,063	5,340	4,020	4,236	4,614	4,749
Newly approved	1,791	2,167	1,775	1,309	902	1,082	861	654
Canceled	33	150	128	109	17	75	62	54
Capital expenditure	1,329	1,258	1,370	1,484	669	628	665	741
Closing backlog	4,304	5,063	5,340	5,056	4,236	4,614	4,749	4,607
Textiles								
Opening backlog	833	850	821	624	848	857	842	742
Newly approved	452	337	128	223	236	174	65	115
Canceled	131	47	34	20	68	24	17	10
Capital expenditure	304	319	291	263	158	165	149	135
Closing backlog	850	821	624	564	857	842	742	711
Paper & allied products								
Opening backlog	3,964	4,017	4,984	5,476	3,858	3,886	4,389	4,648
Newly approved	999	1,844	1,489	2,099	519	959	787	1,045
Canceled	117	20	142	303	61	10	75	151
Capital expenditure	829	857	855	1,227	431	446	452	611
Closing backlog	4,017	4,984	5,476	6,045	3,886	4,389	4,648	4,932
Chemicals & allied products								
Opening backlog	7,437	7,628	7,573	7,645	8,313	8,412	8,384	8,420
Newly approved	2,895	2,920	2,818	3,330	1,509	1,500	1,417	1,700
Canceled	64	101	111	144	33	52	56	74
Capital expenditure	2,640	2,874	2,635	3,028	1,376	1,476	1,325	1,546
Closing backlog	7,628	7,573	7,645	7,803	8,412	8,384	8,420	8,501
Petroleum and coal products								
Opening backlog	22,519	22,896	23,874	25,394	19,988	20,176	20,676	21,363
Newly approved	5,834	7,240	7,751	5,818	2,900	3,707	3,502	2,798
Canceled	534	780	510	638	265	399	230	307
Capital expenditure	4,923	5,482	5,721	5,324	2,447	2,807	2,585	2,560
Closing backlog	22,896	23,874	25,394	25,250	20,176	20,676	21,363	21,294
Rubber products								
Opening backlog	1,127	1,256	1,351	1,350	1,151	1,211	1,260	1,259
Newly approved	447	364	243	447	208	189	122	221
Canceled	4	37	−43	24	2	19	−22	12
Capital expenditure	314	232	287	463	146	120	144	229
Closing backlog	1,256	1,351	1,350	1,310	1,211	1,260	1,259	1,240
Other nondurable goods†								
Opening backlog	4,205	4,104	4,413	4,333	2,990	2,940	3,091	3,053
Newly approved	736	1,066	771	964	365	522	373	479
Canceled	−15	4	117	14	− 7	2	57	7
Capital expenditure	852	753	734	698	422	369	355	347
Closing backlog	4,104	4,413	4,333	4,585	2,940	3,091	3,053	3,178

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	82-III	82-IV	83-I	83-II	83-III	83-IV	84-I	84-II	84-III	84-IV
ALL MANUFACTURING	23	17	18	21	22	23	19	22	26	23
DURABLE GOODS	24	17	17	21	23	24	16	24	28	26
Primary iron and steel	3	2	3	12	10	18	7	7	16	10
Primary nonferrous metals	10	22	15	40	18	36	11	20	16	19
Electrical machinery & equipment	16	16	19	27	26	24	15	23	27	24
Nonelectrical machinery	34	19	10	18	22	35	20	30	23	28
Motor vehicles & equipment	34	25	14	17	26	29	14	34	34	28
Other transportation equipment	40	21	28	23	34	13	23	29	56	42
Stone, clay & glass	8	10	11	12	16	15	15	12	14	16
Fabricated metals	21	11	12	13	9	13	5	18	19	14
Instruments & photo equipment	19	11	15	14	19	16	12	19	27	29
Other durable goods	36	6	7	30	27	4	16	13	24	36
NONDURABLE GOODS	21	17	19	21	21	21	23	19	21	17
Food & beverages	25	25	27	28	24	22	24	25	32	25
Textiles	7	11	11	11	17	15	13	14	16	8
Paper & allied products	9	10	8	11	7	16	14	12	5	11
Chemicals & allied products	24	13	20	21	23	21	13	16	21	20
Rubber products	19	18	15	6	10	16	48	13	21	6
Other nondurable goods	29	24	21	26	23	23	29	31	33	15

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 7.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1983 AND 1984 ACTUAL, 1985 EXPECTED*

	Appropriations			Expenditures		
	1983	1984	1985	1983	1984	1985
All Manufacturing	1	32	7	-23	19	34
All Manufacturing except Petroleum	11	45	4	-15	25	36
Durable goods	17	58	-17	-19	33	25
Nondurable goods	- 9	12	33	-26	9	42
Petroleum	-18	- 1	21	-39	5	25
Other	4	25	43	- 9	13	56

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1981	1982	1983	1984	1981	1982	1983	1984
				—APPROPRIATIONS—				
ALL MANUFACTURING	106,956	87,544	88,180	115,975	55,027	43,665	44,655	
ALL MFG. EX PETROLEUM	70,052	56,020	62,462	90,510	37,054	28,584	31,941	
DURABLE GOODS	42,146	32,031	37,537	59,467	22,355	16,306	19,193	
Primary iron & steel	5,210	1,563	2,113	2,116	2,736	841	1,111	
Primary nonferrous metals	2,482	1,082	1,164	1,438	1,497	564	578	
Electrical machinery & equipment	5,787	6,663	8,869	11,992	3,073	3,446	4,476	
Nonelectrical machinery	12,700	8,710	7,909	10,877	6,674	4,351	4,049	
Motor vehicles & equipment	3,489	3,915	5,807	16,698	1,793	1,924	2,954	
Other transportation equipment	3,099	3,225	3,601	5,047	1,589	1,599	1,816	
Stone, clay & glass	2,094	1,562	1,625	2,661	1,126	826	849	
Fabricated metals	1,765	1,022	960	1,224	931	531	506	
Instruments & photo equipment	4,273	3,372	3,614	4,706	2,273	1,753	1,874	
Other durable goods†	1,247	917	1,875	2,708	663	470	980	
NONDURABLE GOODS	64,810	55,513	50,643	56,508	32,672	27,359	25,462	
Food & beverages	5,772	5,792	5,909	7,003	3,022	2,927	2,978	
Textiles	1,150	1,028	1,194	1,104	610	541	624	
Paper & allied products	5,010	4,006	3,231	5,935	2,704	2,130	1,701	
Chemicals & allied products	12,019	9,476	10,002	11,981	6,328	4,828	5,102	
Petroleum & coal products	36,904	31,524	25,718	25,465	17,973	15,081	12,714	
Rubber products	813	776	965	1,505	431	391	509	
Other nondurable goods†	3,142	2,911	3,624	3,515	1,603	1,459	1,834	
				—EXPENDITURES—				
ALL MANUFACTURING	101,341	98,614	75,710	90,401	51,949	49,205	38,416	
ALL MFG. EX PETROLEUM	69,763	65,297	55,269	68,893	36,646	33,272	28,308	
DURABLE GOODS	42,871	39,945	32,254	42,879	22,505	20,322	16,516	
Primary iron & steel	3,405	3,545	2,136	1,970	1,797	1,912	1,130	
Primary nonferrous metals	2,386	1,574	1,207	1,529	1,252	818	604	
Electrical machinery & equipment	6,069	6,354	6,964	10,154	3,225	3,285	3,522	
Nonelectrical machinery	11,289	10,906	7,768	8,651	5,939	5,425	3,969	
Motor vehicles & equipment	6,688	5,610	4,007	7,001	3,429	2,749	2,042	
Other transportation equipment	3,464	3,156	3,179	4,341	1,770	1,561	1,606	
Stone, clay & glass	1,886	1,726	1,666	2,102	1,016	914	872	
Fabricated metals	1,515	1,513	871	1,026	799	785	458	
Instruments & photo equipment	3,629	3,827	3,145	3,962	1,931	1,988	1,634	
Other durable goods†	2,540	1,734	1,311	2,143	1,347	885	679	
NONDURABLE GOODS	58,470	58,669	43,456	47,522	29,443	28,883	21,900	
Food & beverages	6,744	5,802	5,426	5,445	3,523	2,933	2,734	
Textiles	1,039	1,044	975	1,175	550	550	511	
Paper & allied products	3,746	3,653	3,357	3,840	2,025	1,935	1,774	
Chemicals & allied products	11,785	11,180	9,340	11,241	6,199	5,690	4,770	
Petroleum & coal products	31,578	33,317	20,441	21,508	15,303	15,933	10,108	
Rubber products	749	704	889	1,295	398	355	468	
Other nondurable goods†	2,829	2,969	3,028	3,018	1,445	1,487	1,535	

1984 constant-dollar data will be published later in 1985.

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1984–III are revised; data for 1984–IV are preliminary. 1984 totals are preliminary.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

The Conference Board

Quarterly Survey of Capital Investment and Supply Conditions in Manufacturing

January 1985

The January 1985 survey of Capital Investment and Supply Conditions found little change in capacity utilization by the nation's 1,000 largest manufacturers from the October 1984 survey. A small increase in the proportion of manufacturers reporting "inadequate" capital facilities was matched by a decline in those reporting "sufficient" capacity. The percentage of companies planning to expand capital facilities fell slightly, to a level comparable to the April 1984 survey. The share of total funds for capital expenditures expected to come from internal sources remains at historically high levels for 1985.

Current capacity was reported "inadequate" in January by 11% of respondents (weighted by assets, Table 1), up from 10% in October. The January increase is attributable mainly to the nondurable goods industries, particularly the rubber industry. "More than adequate" capacity was reported by 36% of respondents overall, essentially unchanged from the three preceding surveys. As in the past two years, underutilization continues to be most severe in the steel and petroleum industries. Excluding petroleum and steel, the "more than adequate" response is significantly lower (22% in January) but it is down only slightly from the 23% level of the Spring 1984 survey.

Expansion of capacity was planned by 51% of the respondents in January, down from 53% in October (Table 2). While higher than the 41% figure recorded in the most recent capital spending trough, it remains far below the 1976-1981 average of 75 percent. Industries posting sharp increases in their "expansion" response in January were motor vehicles, rubber, and paper. The nonferrous metals and petroleum industries reported significant declines in their expansion plans. The incidence of spending plans aimed at reducing capacity continued its recent downward trend, dropping below 2% in January.

A record 92.7% of the large manufacturers capital investment financing is expected to come from internal sources in the second half of this year (Table 4). The estimate for the current half-year of 91.0% has been revised down from the October 1984 estimate of 92.1%. The year-long steadiness in the availability of external funds to the large manufacturers apparently wavered slightly in January. Companies perceiving no change in external funds availability since the last survey accounted for 87% of the response, down from the above-90% level of the past three surveys (Table 5). Somewhat paradoxically, the shifts in the January response were into both the "easier" category (by the nonferrous metals, aerospace and rubber industries) and the "tighter" category (by steel and paper).

D. Cliggott

TABLE 1. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985
					Inadequate					
All Manufacturing	7.0	6.8	6.8	6.3	8.3	9.6	10.2	8.2	10.0	11.0
Durable goods	11.1	10.2	10.8	9.5	14.7	18.3	18.1	14.2	16.8	15.7
Nondurable goods	3.3	3.7	3.4	3.5	3.2	2.6	3.7	3.2	4.3	6.4
					Sufficient					
All Manufacturing	41.9	39.8	44.6	47.9	50.6	52.9	54.3	55.3	54.4	52.9
Durable goods	39.4	34.0	40.6	50.0	44.3	47.5	49.0	49.0	50.3	53.1
Nondurable goods	44.1	45.0	47.9	46.0	55.6	57.2	58.6	60.5	57.8	52.7
					More Than Adequate					
All Manufacturing	51.1	53.4	48.6	45.8	41.1	37.5	35.5	36.5	35.6	36.1
Durable goods	49.5	55.9	48.6	40.5	41.0	34.2	32.9	36.8	32.9	31.2
Nondurable goods	52.6	51.3	48.7	50.5	41.2	40.2	37.7	36.3	37.9	40.9

TABLE 2. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985
					Expansion					
All Manufacturing	56.8	46.1	45.6	40.6	44.4	46.1	49.2	49.7	52.7	51.4
Durable goods	40.7	39.9	43.4	40.9	46.0	45.2	49.0	51.6	58.8	59.0
Nondurable goods	71.6	51.7	47.3	40.3	43.1	46.9	49.4	48.1	47.6	43.9
					No Change					
All Manufacturing	37.1	44.4	44.5	50.3	44.7	48.3	48.2	46.1	44.8	46.9
Durable goods	46.9	49.3	45.5	48.8	39.9	42.6	45.6	39.2	36.4	37.8
Nondurable goods	28.1	40.0	43.6	51.6	48.5	52.8	50.3	51.9	51.9	56.0
					Reduction					
All Manufacturing	6.1	9.6	10.0	9.2	10.9	5.6	2.6	4.2	2.5	1.7
Durable goods	12.4	10.8	11.1	10.3	14.1	12.2	5.4	9.2	4.8	3.3
Nondurable goods	0.3	8.4	9.1	8.2	8.4	0.3	0.3	0.0	0.6	0.1

TABLE 3. EXTERNAL SUPPLY SHORTAGES

Percent of Companies (weighted by assets) Reporting Lowered Production Because of Shortages

	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985
					Raw Materials					
All Manufacturing	0.1	0.0	0.0	0.0	0.2	0.8	0.9	1.0	0.1	0.2
Durable goods	0.2	0.0	0.0	0.0	0.3	1.0	0.0	0.1	0.1	0.0
Nondurable goods	0.0	0.0	0.0	0.1	0.1	0.6	1.6	1.7	0.0	0.4
					Processed Goods					
All Manufacturing	0.0	0.0	0.0	0.2	0.1	0.1	0.2	0.3	0.3	0.3
Durable goods	0.0	0.0	0.0	0.5	0.2	0.2	0.4	0.7	0.6	0.6
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
					Both					
All Manufacturing	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Durable goods	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0
Nondurable goods	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0

TABLE 4. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1981		1982		1983		1984		1985	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half
									(r-2)	(p)
From Internal Sources										
All Manufacturing	84.3	83.6	81.3	81.5	87.0	89.9	91.2	89.1	91.0	92.7
Durable goods	82.4	83.9	79.7	78.3	85.3	88.2	89.4	87.3	92.3	92.6
Nondurable goods	85.7	83.4	82.6	84.2	88.4	91.3	92.8	90.7	89.8	92.8
From External Sources										
All Manufacturing	15.7	16.4	18.7	18.5	13.0	10.1	8.8	10.9	9.0	7.3
Durable goods	17.6	16.1	20.3	21.7	14.7	11.8	10.6	12.7	7.7	7.4
Nondurable goods	14.3	16.6	17.4	15.8	11.6	8.7	7.2	9.3	10.2	7.2

TABLE 5. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Oct. 1982	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985
Easier										
All Manufacturing	15.4	16.6	15.9	9.5	11.4	9.3	5.1	5.0	5.3	8.7
Durable goods	17.4	19.9	16.7	9.6	10.6	9.4	5.2	5.2	5.7	9.2
Nondurable goods	13.4	13.2	15.1	9.4	12.3	9.1	5.1	4.8	4.9	8.2
Same										
All Manufacturing	79.2	78.3	81.3	87.1	86.7	88.2	90.8	91.9	92.2	86.9
Durable goods	75.5	74.4	79.6	86.9	87.3	87.2	91.6	91.6	91.2	85.4
Nondurable goods	82.8	82.4	82.8	87.3	86.1	89.2	89.9	92.2	93.3	88.7
Tighter										
All Manufacturing	5.4	5.1	2.9	3.4	1.9	2.5	4.1	3.1	2.5	4.4
Durable goods	7.1	5.8	3.8	3.5	2.1	3.3	3.1	3.1	3.1	5.4
Nondurable goods	3.8	4.4	2.1	3.3	1.6	1.7	5.1	3.0	1.8	3.1

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.

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Capital Appropriations

First Quarter 1985

and

Capital Investment and Supply Conditions

April 1985

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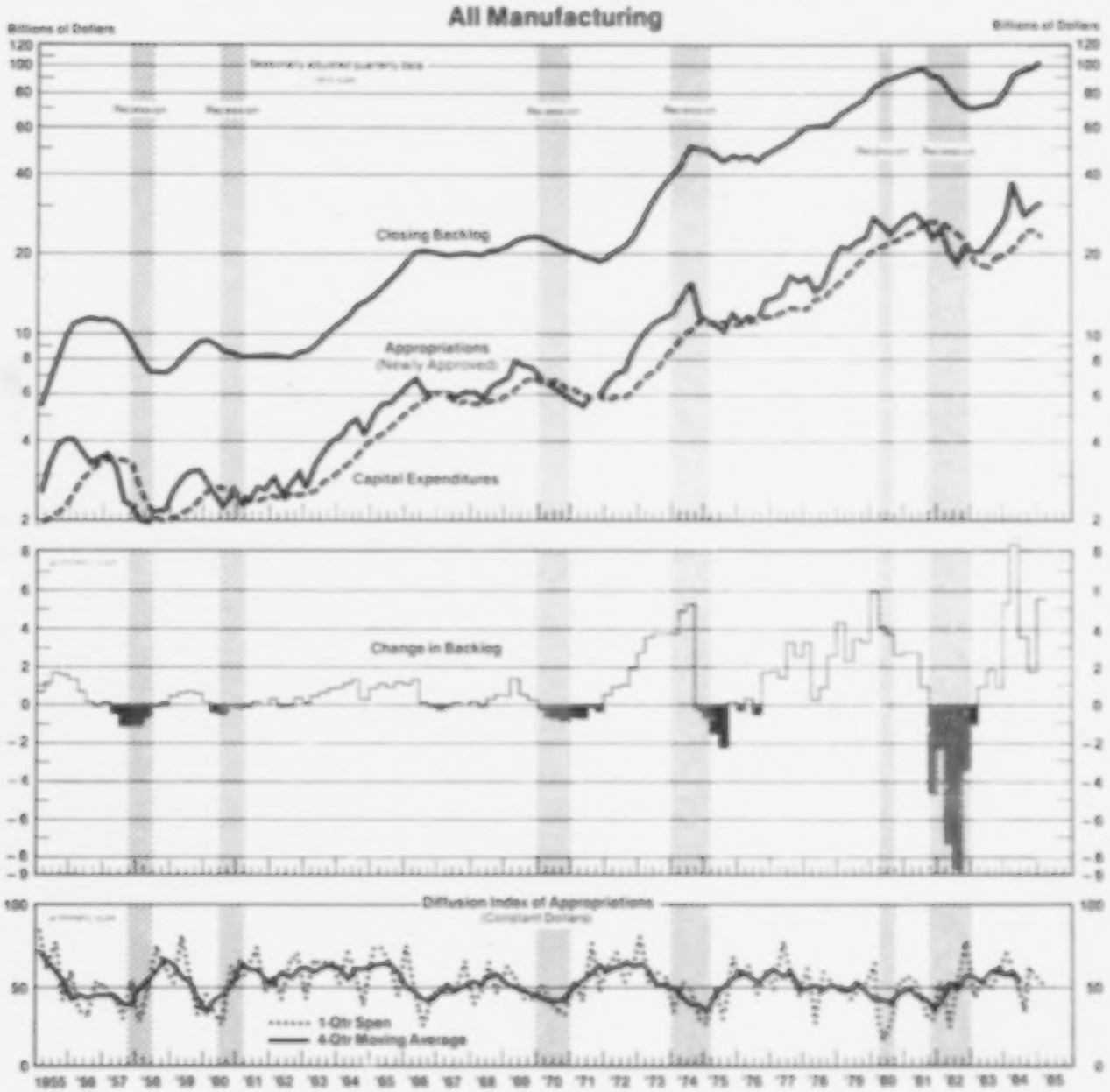
The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION


All Manufacturing
Billions of Dollars
Billions of Dollars
Closing Backlog
Appropriations
(Newly Approved)
Capital Expenditures
Change in Backlog
Diffusion Index of Appropriations
(Constant Dollars)
1-Qtr Span
4-Qtr Moving Average
1955 '56 '57 '58 '59 '60 '61 '62 '63 '64 '65 '66 '67 '68 '69 '70 '71 '72 '73 '74 '75 '76 '77 '78 '79 '80 '81 '82 '83 '84 '85

Surveys conducted by Douglas Cliggott
Business Conditions Analysis Department

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The Conference Board
Quarterly Survey of Capital Appropriations
First Quarter 1985

Capital appropriations by the nation's 1,000 largest manufacturers continued rising in the first quarter of 1985, but much more slowly than a year ago. In fact, despite the rise, actual capital spending declined. Survey respondents continue to project strong capital spending increases for the full year, however. So the pace of manufacturers' capital spending should pick up significantly during the latter part of 1985.

But these general trends mask a dramatic difference between the durable and nondurable goods sectors. In the durable goods sector, appropriations are up sharply and excess capacity is down. For nondurable goods, the pattern is reversed.

Similarly, while the impact of the strong dollar is widely felt, its effect is especially acute in certain industries: nonelectrical machinery, steel, and paper.

Capital Appropriations Continue to Rise

Appropriations totaled $30.5 billion in the first quarter, up 5% from the fourth quarter of 1984. The durable goods sector, where appropriations were up 16%, again led the rise. (See Table 1.) Motor vehicle and equipment manufacturers contributed the most, increasing their appropriations sharply to $6.4 billion. The nonelectrical machinery and other transportation equipment (predominantly aerospace) industries also reported strong increases in appropriations. There were some signs of weakness in the durables sector too, however. Two industries with large "high tech" components, electrical machinery and instruments, reported sizeable declines in first-quarter appropriations.

Among nondurable goods manufacturers, appropriations dropped 7%, the third consecutive quarterly decline in this sector. The petroleum and paper industries showed big declines. Reflecting low operating rates, the petroleum industry reported new appropriations of $5.5 billion, down 5% from the fourth quarter of 1984. The paper industry's appropriations declined by 58%, but from an extraordinarily high fourth quarter level. Among the positive signs in this sector: increases of 59% in the food and beverage industry and of 5% in the chemical industry.

Capacity Utilization Declines

The data we obtained on capacity utilization explains a good deal of these trends in appropriations. In the April survey, the share of respondents reporting more than adequate capacity increased to 39 percent. Once more though, within manufacturing, the two sectors are following very different paths. Since last summer, the share of durable goods manufacturers reporting more than adequate capacity has declined steadily, while for nondurable goods firms that share has gone up, dramatically so in the April survey. (See Table 6.) The trends for plans to expand capital facilities (see Table 7) show a similar split.

Capital Spending Down in the First Quarter

The two sectors did show similar capital spending patterns. The nation's largest manufacturers spent $23.3 billion on plant and equipment, down 6% from the fourth quarter. This marks the first quarterly decline in capital spending since the fall of 1983 (the most recent capital spending trough). Both the durable goods sector (-9%) and the nondurables sector (-3%) showed declines. Among the industries reporting less spending were motor vehicles, electrical and nonelectrical machinery, instruments, chemicals, and paper. Some did report increases, including aerospace, food and beverage, petroleum and rubber. The Commerce Department's investment figures confirm the picture created by the The Conference Board's investment survey. Their series on plant and equipment expenditures by manufacturers and their figures on producers' durable equipment both declined in the first quarter after two straight years of solid gains.

Strong Spending Gains Still Expected in 1985

The nations 1,000 largest manufacturers expect their capital spending to exceed $100 billion in 1985, a 17% increase over 1984 (see Table 4). The continued rise in the closing backlog of unspent appropriations, which now stands at a record $103.2 billion for all manufacturing, suggests that such an increase is indeed likely. The rise in capital spending will be concentrated in relatively few industries: Less than half of the seventeen industrial groupings have a rising backlog of unspent appropriations.

Most of the strength for future capital spending lies in the durable goods sector. The transportation equipment, nonelectrical machinery and fabricated metals industries all show rising backlogs. Three nondurable goods industries also report increasing backlogs; the food, rubber and chemical industries.

Industries clearly indicating weakening capital spending during 1985 include electrical machinery, paper and steel. Both the paper and steel industries are plagued by above-average excess capacity, while the very high level of capital spending attained by the electrical machinery industry in 1984 looks to be unsustainable.

Special Survey on the Impact of the Strong Dollar

How seriously are U.S. manufacturers being affected by the dollar's recent high levels? The Conference Board asked survey respondents who reported more than adequate capacity in April whether the dollar was the cause of their idle capacity. Overall, 28% cited the dollar's high level as the *primary* factor causing idle capacity. But in certain industries the impact was significantly greater. Over 63% of respondents in the nonelectrical machinery industry with more than adequate capacity put the blame on the dollar, as did 43% in the steel industry and 38% in the paper industry.

More than half of those manufacturers blaming the dollar for their excess capacity said they would need to see a decline of 10% to 19% in the dollar before they would utilize their idle capacity. Over one third believed it would take a drop of 20% or more. So although the negative impact of the strong dollar is concentrated in particular industries, meaningful relief would involve a major realignment of exchange rates.

Douglas Cliggott
June 14, 1985

TABLE 1. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	II-84 to III-84	III-84 to IV-84	IV-84 to I-85	I-84 to I-85	II-84 to III-84	III-84 to IV-84	IV-84 to I-85	I-84 to I-85
				—APPROPRIATIONS—				
ALL MANUFACTURING	−25.7	5.8	4.5	13.8	−28.3	8.2	3.9	9.2
ALL MFG. EX PETROLEUM	−33.7	17.8	6.9	19.1	−34.0	18.3	6.1	14.0
DURABLE GOODS	−40.5	18.4	15.6	26.4	−40.7	18.5	15.6	20.0
Primary iron & steel	23.8	79.1	−30.7	−33.3	19.7	81.9	−30.1	−34.2
Primary nonferrous metals	−32.6	4.1	62.3	− 8.7	−32.1	2.9	62.6	−11.9
Electrical machinery & equipment	21.7	47.2	−60.1	−43.4	19.5	47.8	−60.1	−45.9
Nonelectrical machinery	6.1	3.8	25.4	88.6	8.0	2.0	26.5	83.0
Motor vehicles & equipment	−87.1	94.5	131.3	73.7	−87.2	97.3	129.7	62.3
Other transportation equipment	− 6.6	−15.7	47.4	62.2	−15.3	−11.9	52.7	55.3
Stone, clay & glass	57.3	−23.2	−13.0	17.4	55.4	−23.4	−16.0	11.9
Fabricated metals	13.7	−10.7	59.2	10.4	12.7	− 9.8	61.9	7.3
Instruments & photo equipment	−24.8	43.0	−27.2	−10.3	−27.1	40.9	−26.8	−16.2
Other durable goods†	65.5	−63.5	44.6	−11.2	59.0	−65.4	52.2	−14.8
NONDURABLE GOODS	− 6.0	− 4.8	− 7.1	0.6	−12.4	− 0.8	− 8.3	− 2.4
Food & beverages	−18.1	−22.4	59.2	22.4	−20.4	−20.8	58.5	19.8
Textiles	−62.0	74.2	28.7	−36.5	−62.5	77.5	24.3	−39.0
Paper & allied products	−19.3	41.0	−58.0	−11.6	−18.0	37.7	−58.1	−12.7
Chemicals & allied products	− 3.5	12.5	5.3	15.3	− 5.5	11.5	4.6	9.5
Petroleum & coal products	7.1	−25.0	− 5.0	− 5.3	− 5.5	−20.2	− 5.3	− 8.7
Rubber products	−33.2	157.6	−20.6	11.2	−35.3	171.5	−25.4	19.2
Other nondurable goods†	−27.7	22.7	−45.3	−29.8	−28.5	29.2	−46.9	−29.9
				—EXPENDITURES—				
ALL MANUFACTURING	5.1	8.5	− 6.1	17.3	0.5	10.5	− 6.4	13.0
ALL MFG. EX PETROLEUM	5.4	13.0	− 8.8	18.4	3.4	13.4	− 8.9	14.0
DURABLE GOODS	9.9	13.0	− 9.4	29.6	7.9	13.1	− 8.9	23.8
Primary iron & steel	− 1.2	13.6	− 2.4	13.7	− 4.5	15.4	− 1.6	12.1
Primary nonferrous metals	6.0	18.1	3.8	29.1	6.7	16.7	4.0	24.4
Electrical machinery & equipment	10.3	14.1	−28.2	4.4	8.3	14.6	−28.3	− 0.3
Nonelectrical machinery	23.7	5.8	− 8.0	32.5	25.8	3.9	− 7.2	28.6
Motor vehicles & equipment	− 1.9	35.0	−15.8	35.4	− 2.5	36.9	−16.4	26.5
Other transportation equipment	8.7	− 5.8	26.7	51.2	− 1.3	− 1.6	31.3	44.8
Stone, clay & glass	10.0	22.2	23.6	80.8	8.7	21.9	19.3	72.8
Fabricated metals	18.0	16.4	−12.1	20.7	17.0	17.6	−10.6	16.8
Instruments & photo equipment	1.1	8.4	−12.5	21.6	− 2.0	6.8	−12.1	13.6
Other durable goods†	27.6	9.4	− 8.7	62.6	22.6	3.6	− 4.0	56.1
NONDURABLE GOODS	1.0	4.4	− 2.9	7.7	− 5.6	8.1	− 3.9	4.3
Food & beverages	8.9	4.0	6.5	14.1	5.9	6.2	6.0	11.8
Textiles	− 8.8	−13.4	3.2	−14.5	− 9.9	−11.7	− 0.4	−17.1
Paper & allied products	− 0.2	43.7	−28.7	5.7	1.3	40.4	−29.0	4.4
Chemicals & allied products	− 8.3	13.9	−14.3	− 2.6	−10.3	12.9	−14.9	− 7.6
Petroleum & coal products	4.4	− 5.1	3.2	13.9	− 7.9	1.1	2.8	9.8
Rubber products	23.7	35.2	18.6	46.5	20.0	42.5	11.4	56.8
Other nondurable goods†	− 2.5	− 6.5	10.8	−10.8	− 3.7	−12.6	7.6	−10.9

See General Notes on page 7.

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	II-84	III-84	IV-84	I-85	II-84	III-84	IV-84	I-85
ALL MANUFACTURING								
Opening backlog	78,648	92,515	95,901	97,649	76,705	83,520	85,134	86,021
Newly approved	37,154	27,592	29,190	30,506	18,592	13,327	14,418	14,973
Canceled	1,479	1,282	2,567	1,638	756	624	1,273	808
Capital expenditure	21,808	22,924	24,875	23,346	11,028	11,089	12,258	11,472
Closing backlog	92,515	95,901	97,649	103,171	83,520	85,134	86,021	88,714
DURABLE GOODS								
Opening backlog	33,593	44,436	45,739	46,839	34,988	40,263	40,900	41,441
Newly approved	21,216	12,617	14,938	17,269	10,460	6,199	7,347	8,491
Canceled	340	283	1,375	1,078	168	149	683	530
Capital expenditure	10,033	11,031	12,463	11,296	5,017	5,414	6,123	5,578
Closing backlog	44,436	45,739	46,839	51,734	40 263	40,900	41,441	43,824
Primary iron & steel								
Opening backlog	2,349	2,232	2,037	2,139	4,534	4,472	4,372	4,424
Newly approved	328	406	727	504	173	207	377	264
Canceled	– 39	123	82	40	– 21	63	43	21
Capital expenditure	484	478	543	530	256	244	282	277
Closing backlog	2,232	2,037	2,139	2,073	4,472	4,372	4,424	4,390
Primary nonferrous metals								
Opening backlog	3,083	3,145	3,064	2,534	3,403	3,434	3,393	3,125
Newly approved	359	242	252	409	182	124	127	207
Canceled	– 21	– 14	384	11	– 11	– 7	194	5
Capital expenditure	318	337	398	413	161	172	201	209
Closing backlog	3,145	3,064	2,534	2,519	3,434	3,393	3,125	3,118
Electrical machinery & equipment								
Opening backlog	6,025	5,894	6,051	6,841	5,163	5,097	5,175	5,568
Newly approved	2,281	2,777	4,088	1,632	1,146	1,370	2,026	808
Canceled	86	55	372	115	43	27	184	58
Capital expenditure	2,326	2,565	2,926	2,101	1,169	1,265	1,449	1,040
Closing backlog	5,894	6,051	6,841	6,257	5,097	5,175	5,568	5,278
Nonelectrical machinery								
Opening backlog	5,366	6,183	6,509	7,130	5,407	5,808	5,971	6,275
Newly approved	2,788	2,959	3,072	3,853	1,369	1,478	1,507	1,907
Canceled	48	255	– 64	491	24	127	– 31	243
Capital expenditure	1,923	2,378	2,515	2,315	944	1,188	1,234	1,146
Closing backlog	6,183	6,509	7,130	8,177	5,808	5,971	6,275	6,793
Motor vehicles & equipment								
Opening backlog	7,553	16,794	16,912	16,928	7,010	11,489	11,546	11,555
Newly approved	11,051	1,421	2,764	6,394	5,357	685	1,352	3,105
Canceled	142	– 333	540	402	69	– 161	263	195
Capital expenditure	1,668	1,636	2,208	1,859	809	789	1,080	903
Closing backlog	16,794	16,912	16,928	21,061	11,489	11,546	11,555	13,562
Other transportation equipment								
Opening backlog	2,615	3,076	3,343	3,477	2,335	2,562	2,682	2,745
Newly approved	1,546	1,444	1,217	1,794	762	646	568	868
Canceled	– 1	– 4	– 29	– 17	0	– 2	– 14	– 8
Capital expenditure	1,086	1,181	1,112	1,409	535	528	519	682
Closing backlog	3,076	3,343	3,477	3,879	2,562	2,682	2,745	2,939
Stone, clay & glass								
Opening backlog	1,544	1,694	2,106	2,253	1,958	2,036	2,248	2,324
Newly approved	597	939	721	627	310	483	370	310
Canceled	– 23	10	– 58	41	– 12	5	– 30	20
Capital expenditure	470	517	632	781	244	266	324	387
Closing backlog	1,694	2,106	2,253	2,058	2,036	2,248	2,324	2,227
Fabricated metals								
Opening backlog	1,251	1,286	1,212	1,155	1,449	1,467	1,430	1,400
Newly approved	263	299	267	425	134	151	136	221
Canceled	6	111	19	– 45	3	56	10	– 23
Capital expenditure	222	262	305	268	113	133	156	139
Closing backlog	1,286	1,212	1,155	1,357	1,467	1,430	1,400	1,505

TABLE 2. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	II-84	III-84	IV-84	I-85	II-84	III-84	IV-84	I-85
Instruments & photo equipment								
Opening backlog	1,931	2,070	1,899	1,953	1,658	1,729	1,645	1,671
Newly approved	1,313	988	1,413	1,028	668	487	687	502
Canceled	105	78	187	40	53	38	91	20
Capital expenditure	1,069	1,081	1,172	1,025	544	533	570	501
Closing backlog	2,070	1,899	1,953	1,916	1,729	1,645	1,671	1,652
Other durable goods†								
Opening backlog	1,876	2,062	2,606	2,429	2,072	2,168	2,439	2,355
Newly approved	690	1,142	417	603	358	569	197	299
Canceled	37	2	– 58	0	19	1	– 27	0
Capital expenditure	467	596	652	595	242	297	308	295
Closing backlog	2,062	2,606	2,429	2,437	2,168	2,439	2,355	2,359
NONDURABLE GOODS								
Opening backlog	45,055	48,079	50,162	50,810	41,717	43,257	44,234	44,580
Newly approved	15,938	14,975	14,252	13,237	8,133	7,128	7,071	6,482
Canceled	1,139	999	1,192	560	582	476	590	278
Capital expenditure	11,775	11,893	12,412	12,050	6,011	5,674	6,135	5,894
Closing backlog	48,079	50,162	50,810	51,437	43,257	44,234	44,580	44,890
Food & beverages								
Opening backlog	4,304	5,063	5,340	5,184	4,236	4,614	4,749	4,672
Newly approved	2,167	1,775	1,377	2,192	1,082	861	682	1,081
Canceled	150	128	108	22	75	62	54	11
Capital expenditure	1,258	1,370	1,425	1,517	628	665	705	748
Closing backlog	5,063	5,340	5,184	5,837	4,614	4,749	4,672	4,994
Textiles								
Opening backlog	850	821	624	583	857	842	742	721
Newly approved	337	128	223	287	174	65	116	144
Canceled	47	34	12	31	24	17	6	16
Capital expenditure	319	291	252	260	165	149	131	131
Closing backlog	821	624	583	579	842	742	721	718
Paper & allied products								
Opening backlog	4,017	4,984	5,476	6,055	3,886	4,389	4,648	4,946
Newly approved	1,844	1,489	2,100	883	959	787	1,083	453
Canceled	20	142	292	222	10	75	151	114
Capital expenditure	857	855	1,229	876	446	452	634	450
Closing backlog	4,984	5,476	6,055	5,840	4,389	4,648	4,946	4,835
Chemicals & allied products								
Opening backlog	7,628	7,573	7,645	7,726	8,412	8,384	8,420	8,462
Newly approved	2,920	2,818	3,169	3,338	1,500	1,417	1,580	1,652
Canceled	101	111	87	106	52	56	43	53
Capital expenditure	2,874	2,635	3,001	2,571	1,476	1,325	1,495	1,272
Closing backlog	7,573	7,645	7,726	8,387	8,384	8,420	8,462	8,789
Petroleum and coal products								
Opening backlog	22,896	23,874	25,394	25,134	20,176	20,676	21,363	21,236
Newly approved	7,240	7,751	5,811	5,523	3,707	3,502	2,796	2,648
Canceled	780	510	640	192	399	230	309	91
Capital expenditure	5,482	5,721	5,431	5,606	2,807	2,585	2,614	2,688
Closing backlog	23,874	25,394	25,134	24,859	20,676	21,363	21,236	21,105
Rubber products								
Opening backlog	1,256	1,351	1,350	1,565	1,211	1,260	1,259	1,373
Newly approved	364	243	626	497	189	122	332	248
Canceled	37	– 43	23	– 98	19	– 22	12	– 49
Capital expenditure	232	287	388	460	120	144	206	229
Closing backlog	1,351	1,350	1,565	1,700	1,260	1,259	1,373	1,441
Other nondurable goods†								
Opening backlog	4,104	4,413	4,333	4,563	2,940	3,091	3,053	3,170
Newly approved	1,066	771	946	517	522	373	482	256
Canceled	4	117	30	85	2	57	15	42
Capital expenditure	753	734	686	760	369	355	350	376
Closing backlog	4,413	4,333	4,563	4,235	3,091	3,053	3,170	3,008

See General Notes on page 7.

TABLE 3. PROPORTION OF APPROPRIATIONS FOR PLANT

Percent

	82-IV	83-I	83-II	83-III	83-IV	84-I	84-II	84-III	84-IV	85-I
ALL MANUFACTURING	17	18	21	22	23	19	22	26	23	22
DURABLE GOODS	17	17	21	23	24	16	24	28	26	24
Primary iron and steel	2	3	12	10	18	7	7	16	9	4
Primary nonferrous metals	22	15	40	18	36	11	20	16	18	15
Electrical machinery & equipment	16	19	27	26	24	15	23	27	24	22
Nonelectrical machinery	19	10	18	22	35	20	30	23	27	22
Motor vehicles & equipment	25	14	17	26	29	14	34	34	28	28
Other transportation equipment	21	28	23	34	13	23	29	56	42	29
Stone, clay & glass	10	11	12	16	15	15	12	14	13	22
Fabricated metals	11	12	13	9	13	5	18	19	14	6
Instruments & photo equipment	11	15	14	19	16	12	19	27	30	26
Other durable goods	6	7	30	27	4	16	13	24	39	21
NONDURABLE GOODS	17	19	21	21	21	23	19	21	17	20
Food & beverages	25	27	28	24	22	24	25	32	24	23
Textiles	11	11	11	17	15	13	14	16	8	17
Paper & allied products	10	8	11	7	16	14	12	5	11	10
Chemicals & allied products	13	20	21	23	21	13	16	21	22	22
Rubber products	18	15	6	10	16	48	13	21	2	20
Other nondurable goods	24	21	26	23	23	29	31	33	15	22

Based on data from those companies that report appropriations for plant and equipment separately. The composition of this group varies slightly from quarter to quarter. Petroleum industry is excluded. Historical data from 1959 available on request.

See also General Notes on page 8.

TABLE 4. PERCENT CHANGE IN CAPITAL APPROPRIATIONS AND EXPENDITURES: 1983 AND 1984 ACTUAL, 1985 EXPECTED*

	Appropriations			Expenditures		
	1983	1984	1985	1983	1984	1985
All Manufacturing	1	32	- 3	-23	19	17
All Manufacturing except Petroleum	11	45	-12	-15	24	14
Durable goods	17	59	-22	-19	33	14
Nondurable goods	- 9	12	17	-26	9	19
Petroleum	-18	- 1	28	-39	6	24
Other	4	25	8	- 9	12	15

*Based on survey respondents' own expectations.

See also General Notes on page 7.

TABLE 5. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1981	1982	1983	1984	1981	1982	1983	1984
				—APPROPRIATIONS—				
ALL MANUFACTURING	106,956	87,544	88,180	116,121	55,027	43,665	44,655	57,853
ALL MFG. EX PETROLEUM	70,052	56,020	62,462	90,663	37,054	28,584	31,941	45,460
DURABLE GOODS	42,146	32,031	37,537	59,618	22,355	16,306	19,193	29,740
Primary iron & steel	5,210	1,563	2,113	2,125	2,736	841	1,111	1,113
Primary nonferrous metals	2,482	1,082	1,164	1,363	1,497	564	578	702
Electrical machinery & equipment	5,787	6,663	8,869	11,987	3,073	3,446	4,476	6,018
Nonelectrical machinery	12,700	8,710	7,909	10,854	6,674	4,351	4,049	5,390
Motor vehicles & equipment	3,489	3,915	5,807	16,686	1,793	1,924	2,954	8,210
Other transportation equipment	3,099	3,225	3,601	5,059	1,589	1,599	1,816	2,445
Stone, clay & glass	2,094	1,562	1,625	2,767	1,126	826	849	1,427
Fabricated metals	1,765	1,022	960	1,221	931	531	506	632
Instruments & photo equipment	4,273	3,372	3,614	4,859	2,273	1,753	1,874	2,445
Other durable goods†	1,247	917	1,875	2,697	663	470	980	1,358
NONDURABLE GOODS	64,810	55,513	50,643	56,503	32,672	27,359	25,462	28,113
Food & beverages	5,772	5,792	5,909	7,076	3,022	2,927	2,978	3,512
Textiles	1,150	1,028	1,194	1,104	610	541	624	572
Paper & allied products	5,010	4,006	3,231	5,936	2,704	2,130	1,701	3,088
Chemicals & allied products	12,019	9,476	10,002	11,813	6,328	4,828	5,102	6,009
Petroleum & coal products	36,904	31,524	25,718	25,458	17,973	15,081	12,714	12,393
Rubber products	813	776	965	1,616	431	391	509	807
Other nondurable goods†	3,142	2,911	3,624	3,500	1,603	1,459	1,834	1,732
				—EXPENDITURES—				
ALL MANUFACTURING	101,341	98,614	75,710	90,318	51,949	49,205	38,416	44,875
ALL MFG. EX PETROLEUM	69,763	65,297	55,269	68,686	36,646	33,272	28,308	34,398
DURABLE GOODS	42,871	39,945	32,254	42,865	22,505	20,322	16,516	21,333
Primary iron & steel	3,405	3,545	2,136	1,984	1,797	1,912	1,130	1,035
Primary nonferrous metals	2,386	1,574	1,207	1,385	1,252	818	604	708
Electrical machinery & equipment	6,069	6,354	6,964	10,100	3,225	3,285	3,522	5,049
Nonelectrical machinery	11,289	10,906	7,768	8,648	5,939	5,425	3,969	4,294
Motor vehicles & equipment	6,688	5,610	4,007	6,991	3,429	2,749	2,042	3,438
Other transportation equipment	3,464	3,156	3,179	4,338	1,770	1,561	1,606	2,060
Stone, clay & glass	1,886	1,726	1,666	2,083	1,016	914	872	1,074
Fabricated metals	1,515	1,513	871	1,025	799	785	458	527
Instruments & photo equipment	3,629	3,827	3,145	4,202	1,931	1,988	1,634	2,102
Other durable goods†	2,540	1,734	1,311	2,109	1,347	885	679	1,048
NONDURABLE GOODS	58,470	58,669	43,456	47,453	29,443	28,883	21,900	23,541
Food & beverages	6,744	5,802	5,426	5,384	3,523	2,933	2,734	2,668
Textiles	1,039	1,044	975	1,164	550	550	511	602
Paper & allied products	3,746	3,653	3,357	3,842	2,025	1,935	1,774	1,999
Chemicals & allied products	11,785	11,180	9,340	11,211	6,199	5,690	4,770	5,694
Petroleum & coal products	31,578	33,317	20,441	21,632	15,303	15,933	10,108	10,477
Rubber products	749	704	889	1,216	398	355	468	617
Other nondurable goods†	2,829	2,969	3,028	3,004	1,445	1,487	1,535	1,486

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1984-IV are revised; data for 1985-I are preliminary. 1984 totals are revised.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request from the Business Conditions Analysis Department: (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

TABLE 6. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985
					Inadequate					
All Manufacturing	6.8	6.8	6.3	8.3	9.6	10.2	8.2	10.0	11.0	10.9
Durable goods	10.2	10.8	9.5	14.7	18.3	18.1	14.2	16.8	15.7	17.4
Nondurable goods	3.7	3.4	3.5	3.2	2.6	3.7	3.2	4.3	6.4	5.3
					Sufficient					
All Manufacturing	39.8	44.6	47.9	50.6	52.9	54.3	55.3	54.4	52.9	50.2
Durable goods	34.0	40.6	50.0	44.3	47.5	49.0	49.0	50.3	53.1	54.4
Nondurable goods	45.0	47.9	46.0	55.6	57.2	58.6	60.5	57.8	52.7	46.5
					More Than Adequate					
All Manufacturing	53.4	48.6	45.8	41.1	37.5	35.5	36.5	35.6	36.1	38.9
Durable goods	55.9	48.6	40.5	41.0	34.2	32.9	36.8	32.9	31.2	28.2
Nondurable goods	51.3	48.7	50.5	41.2	40.2	37.7	36.3	37.9	40.9	48.2

TABLE 7. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985
					Expansion					
All Manufacturing	46.1	45.6	40.6	44.4	46.1	49.2	49.7	52.7	51.4	50.9
Durable goods	39.9	43.4	40.9	46.0	45.2	49.0	51.6	58.8	59.0	60.2
Nondurable goods	51.7	47.3	40.3	43.1	46.9	49.4	48.1	47.6	43.9	42.6
					No Change					
All Manufacturing	44.4	44.5	50.3	44.7	48.3	48.2	46.1	44.8	46.9	42.3
Durable goods	49.3	45.5	48.8	39.9	42.6	45.6	39.2	36.4	37.8	32.9
Nondurable goods	40.0	43.6	51.6	48.5	52.8	50.3	51.9	51.9	56.0	50.7
					Reduction					
All Manufacturing	9.6	10.0	9.2	10.9	5.6	2.6	4.2	2.5	1.7	6.8
Durable goods	10.8	11.1	10.3	14.1	12.2	5.4	9.2	4.8	3.3	6.9
Nondurable goods	8.4	9.1	8.2	8.4	0.3	0.3	0.0	0.6	0.1	6.7

TABLE 8. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1981		1982		1983		1984		1985	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half
									(r-3)	(r-1)
From Internal Sources										
All Manufacturing	84.3	83.6	81.3	81.5	87.0	89.9	91.2	89.1	91.2	93.2
Durable goods	82.4	83.9	79.7	78.3	85.3	88.2	89.4	87.3	92.8	93.3
Nondurable goods	85.7	83.4	82.6	84.2	88.4	91.3	92.8	90.7	89.8	93.1
From External Sources										
All Manufacturing	15.7	16.4	18.7	18.5	13.0	10.1	8.8	10.9	8.8	6.8
Durable goods	17.6	16.1	20.3	21.7	14.7	11.8	10.6	12.7	7.2	6.7
Nondurable goods	14.3	16.6	17.4	15.8	11.6	8.7	7.2	9.3	10.2	6.9

TABLE 9. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Jan. 1983	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985
Easier										
All Manufacturing	16.6	15.9	9.5	11.4	9.3	5.1	5.0	5.3	8.7	7.0
Durable goods	19.9	16.7	9.6	10.6	9.4	5.2	5.2	5.7	9.2	12.5
Nondurable goods	13.2	15.1	9.4	12.3	9.1	5.1	4.8	4.9	8.2	5.6
Same										
All Manufacturing	78.3	81.3	87.1	86.7	88.2	90.8	91.9	92.2	86.9	89.0
Durable goods	74.4	79.6	86.9	87.3	87.2	91.6	91.6	91.2	85 4	81.3
Nondurable goods	82.4	82.8	87.3	86.1	89.2	89.9	92.2	93.3	88.7	90.7
Tighter										
All Manufacturing	5.1	2.9	3.4	1.9	2.5	4.1	3.1	2.5	4.4	4.0
Durable goods	5.8	3.8	3.5	2.1	3.3	3.1	3.1	3.1	5.4	6.2
Nondurable goods	4.4	2.1	3.3	1.6	1.7	5.1	3.0	1.8	3.1	3.7

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Manufacturing Investment Statistics

Capital Appropriations

Second Quarter 1985

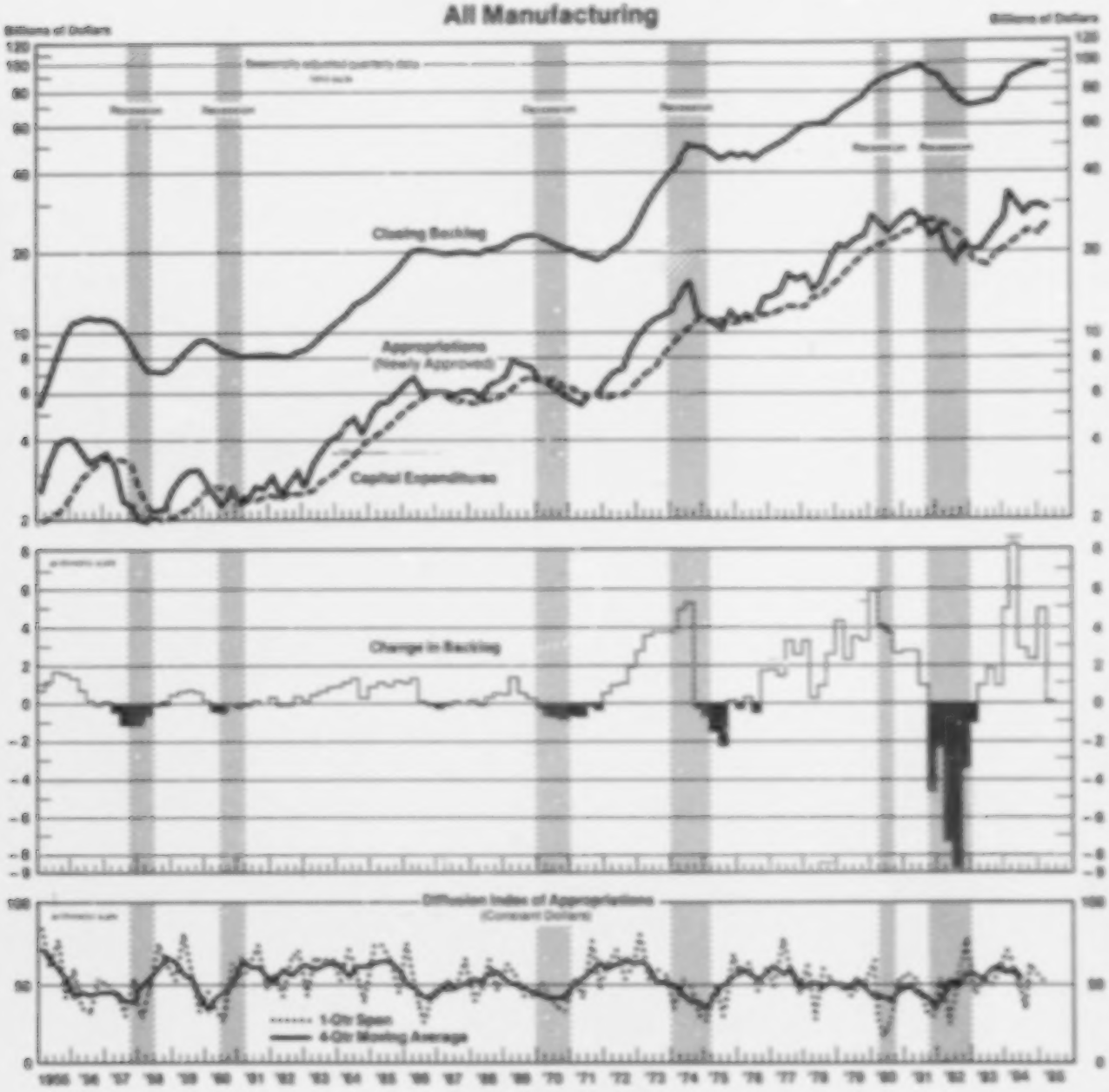
and

Capital Investment and Supply Conditions

July 1985

The Conference Board

CAPITAL APPROPRIATIONS IN RECESSION AND EXPANSION



Surveys conducted by
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Highlights of the Second Quarter Capital Appropriations Survey

- New Capital Appropriations Decline
- Capital Spending Shows Strong Gains
- The Closing Backlog of Unspent Appropriations Flattens Out
- Expectations for Full-year 1985 Spending Revised Down Sharply

Analysis of Results

A key reason for the sluggishness of the U.S. economic expansion over the past year has been a slowdown in the growth of business fixed investment. The slowing in investment has, until recently, been located in the nonmanufacturing sector. Capital spending by U.S. manufacturers remained quite strong over the past year, providing a source of stimulus to the economy. However, the lastest results from The Conference Board's quarterly survey of capital appropriations indicate that this source of strength may soon lose its vigor.

While second quarter capital expenditures increased briskly, new appropriations for future expenditures were down. The backlog of unspent appropriations has now flattened out and survey respondents have revised their expections of capital spending for the full year down significantly. For the year as a whole, survey respondents now expect capital spending to increase only 6 percent over 1984. By contrast, as late as April, expectations were for growth of 17 percent in 1985. This suggests capital spending by the nation's 1,000 largest manufacturers may be stagnant in the second half of 1985.

Output and Investment in the Current Expansion

The rate of rapid expansion that characterized the first year and a half of recovery in the U.S. economy has given way to a period of slow growth that has now lasted over a year. Since the second quarter of 1984, real output of goods and services has risen only 2.0 percent, far below the 7.1 percent annual rate of increase during the first six quarters of the current expansion. While a deceleration in the rate of growth is not unusual as the business cycle matures, the sharpness of current slowdown is atypical (see Table A). One must go back to the expansion that began in 1954 to find comparable deceleration.

Business investment in plant and equipment has played a key role in both phases of the expansion. During the first six quarters real spending on plant and equipment provided a very stong stimulus to the economy. The Commerce Department's measure of nonresidential fixed investment increased at a 16.4 percent annual rate, far above the average of previous expansions (see Table A). The capital spending boom helped shift the share of GNP represented by business fixed investment to the 12-13 percent range from the 9-11 percent range it had maintained during previous post-war expansions. Since the second quarter of 1984 the rate of increase in nonresidential fixed investment declined by more than half, to 7.9 percent. So while capital spending continues to propel the economy, the force of the stimulus has been sharply reduced over the past year.

The fall-off in the rate of growth of capital spending cannot, as yet, be attributed to the manufacturing sector of the economy. Real spending on plant and equipment by manufacturers, as measured by the Bureau of Economic Analysis, increased at a 14.8 percent annual rate during the first six quarters of the expansion and has slowed only slightly, to a 13.5 percent rate of growth, during the past year. Spending by the nation's 1,000 largest manufacturers has been particularly robust over the past year (see Table 2, page 6).

It is actually the nonmanufacturing sector where capital spending has been sharply curtailed. The growth rate of real plant and equipment spending outside of

TABLE A: OUTPUT AND INVESTMENT DURING ECONOMIC EXPANSIONS 1954 to 1985
(Annual percent change of constant dollar data)

	Gross National Product		Nonresidential Fixed Investment	
Trough Year Qtr.	Trough to 6th Quarter	6th Quarter to 10th Quarter	Trough to 6th Quarter	6th Quarter to 10th Quarter
1954.2	6.6%	1.3%	12.3%	0.3%
1961.1	6.0	4.4	5.1	3.8
1970.4	5.7	5.9	5.3	16.1
1975.1	5.3	6.5	3.7	10.8
Average	5.9	4.5	7.4	7.9
1982.4	7.1	2.0	16.4	7.9

Sources: U.S. Department of Commerce, The Conference Board.

manufacturing slipped to 4.7 percent during the past year from a 9.6 percent annual rate during the prior six quarters. Spending is particularly weak in the mining, transportation and public utility industries.

Because of these uneven growth rates, manufacturers now account for roughly two-fifths of total capital spending even though they produce only about a quarter of the economy's output. This, combined with the increasing share of GNP represented by total business fixed investment, reveals the growing importance of manufacturing investment to the overall health of the economy. Measured by its share of current GNP, the direct effect of manufacturers' capital spending on the growth trend of the U.S. economy is more pronounced now than at any time since the mid-1960s. Unfortunately, the latest results from The Conference Board's quarterly survey of capital appropriations indicate that manufacturers capital spending may soon lose much of its vigor.

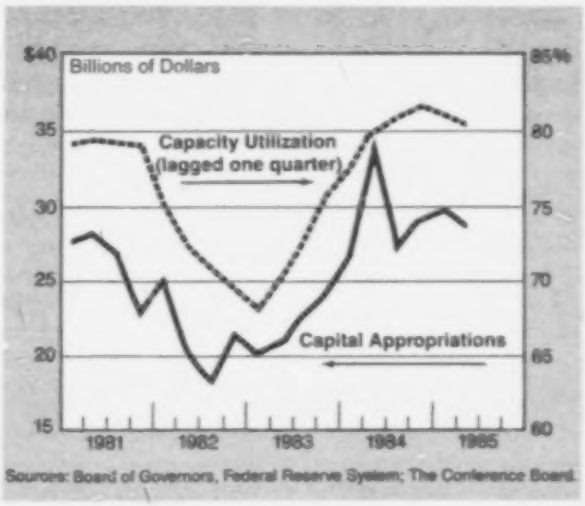
Second Quarter Capital Appropriations Down

While second quarter capital spending increased briskly, new appropriations for future spending on plant and equipment by the nation's 1,000 largest manufacturers fell. Appropriations totalled $28.6 billion, down 4.5 percent from the first quarter and 1.7 percent below the fourth quarter of 1984. The decline was widespread; second quarter appropriations are below fourth quarter 1984 levels in thirteen of seventeen industries (see Tables 1 & 2). The drop in appropriations comes at a time when manufacturers' capacity utilization has been declining, their profit growth has stalled, and the impact of the strong dollar has remained highly adverse.

Capacity Utilization Declines

The recent fall in capacity utilization bears special attention. Because of its effect on the desired level of productive capacity, changes in capacity utilization are closely related to movements in capital appropriations (see chart above). According to Federal Reserve data, manufacturing capacity utilization has fallen from a high of 81.6 percent in the third quarter of 1984 to 80.4 percent in the second quarter of 1985. The reason is that increases in output have simply not been keeping pace with net additions to capacity. During the past year, manufacturing output has increased 2.8 percent while manufacturers have increased their productive capacity 3.3 percent.

Capital Appropriations and Capacity Utilization



The findings of the second quarter Conference Board survey give further evidence of a lessened need on the part of manufacturers to add to their capital facilities. The number of survey respondents reporting "inadequate" capacity continued to decline, to 9.1 percent in July (see Table 4, page 8). Over 38 percent reported "more than adequate" capacity in July, up from 35.6 percent in October, 1984.

Dollar's High Value Remains a Primary Factor

Of those reporting more than adequate capacity in July, 24 percent cited the high value of the dollar as the primary factor. This is down from 28 percent in April, and may reflect a reaction to the significant decline in the dollar's value against other currencies since its peak in February and March.

The dollar's negative impact remains particularly severe in certain industries, however. Over 60 percent of paper industry respondents with more than adequate capacity cite the high dollar as the principal cause, as did 57 percent in textile industry, and 39 percent in the primary metals industries. More than half of those manufacturers citing the value of the dollar for their excess capacity in July said they would need to see a decline of 10 to 19 percent in the dollar before they would utilize their idle capacity. Over two-fifths believed it would take a drop of 20 percent or more. The message is that despite the fall in the dollar that has occurred, a number of industries believe a further correction would be needed to permit them to win back lost markets.

Manufacturing Profits Decline

While the need for productive capacity has declined, the ability to finance capital spending for both facility expansion and increased efficiency has also fallen. Profits in the manufacturing sector, including inventory valuation adjustments, declined from a high of $23.1 billion in the second quarter of 1984 to $19.5 billion in the first quarter of 1985. With over 90 percent of funds for future capital expenditures by the nation's largest manufacturers now being generated internally (see Table 6, page 9) appropriations for future capital spending are very dependent on manufacturers' cash flow. Since profits are the most volatile component of cash flow, changes in capital appropriations tend to be closely related to changes in profits (see chart).

So all these factors—the declines in capacity utilization and profitability and the continued strong dollar—have contributed to a fall-off in the willingness of manufacturers to expand and enhance their capital facilities.

Capital Spending Gains Expected to Slow

Reflecting this decline, the nation's 1,000 largest manufacturers now expect their capital spending to total $96 billion in 1985, up only 6% from 1984 (see Table B). This is down sharply from an expected $105 billion reported in the first quarter survey. The downward revision of full-year 1985 spending, together with strong second quarter expenditures, implies little if any growth in large manufacturer's capital spending over the next two quarters. The second quarter

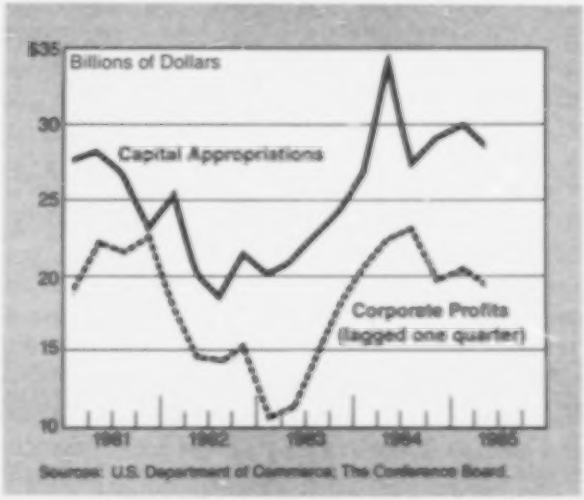
TABLE B: CAPITAL EXPENDITURES: 1984 AND 1985*
(Annual percent change)

	Expenditures		
	1984	1985a	1985b
All Manufacturing	19%	17%	6%
Durable Goods	33	14	9
Nondurable Goods	9	19	4

*Based on survey respondents' own expectations.
a—April survey b—July survey

Source: The Conference Board.

Capital Appropriations and Corporate Profits



Commerce Department capital spending survey of all manufacturers had the same results. They estimated that manufacturers will increase their capital spending only 1 percent from the second quarter to the fourth quarter of 1985.

The expectation of stagnant capital spending by large manufacturers is supported by recent movements in the closing backlog of unspent appropriations. Typically, strong capital spending is associated with solid increases in the backlog of unspent appropriations (see charts inside cover). Increases in the closing backlog have been slowing in recent quarters. The backlog now totals $99.9 billion, up only $500 million from the first quarter. What spending gains there are in the second half of 1985 are likely to be concentrated in a relatively few industries. Fourteen of the seventeen industrial groupings now have a flat or declining backlog of unspent appropriations. Only the rubber, petroleum, and other transportation equipment (predominantly aerospace) industries reported rising appropriation backlogs and hence have relatively strong spending outlooks.

The expected slowdown in capital spending by manufacturers will make it more difficult for the economy to achieve a strong rebound in the second half.

Douglas Cliggott
13 September 1985

TABLE 1. CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	III-84	IV-84	I-85	II-85	III-84	IV-84	I-85	II-85
ALL MANUFACTURING								
Opening backlog	89,180	92,065	94,367	99,351	81,879	83,262	84,416	86,935
Newly approved	27,309	29,100	29,938	28,605	13,206	14,367	15,084	14,082
Canceled	1,390	22,11	1,600	2,421	676	1,098	811	1,218
Capital expenditure	23,034	24,587	23,354	25,673	11,146	12,115	11,754	12,681
Closing backlog	92,065	94,367	99,351	99,862	83,262	84,416	86,935	87,119
DURABLE GOODS								
Opening backlog	41,407	42,514	44,311	48,465	38,777	39,314	40,197	42,320
Newly approved	12,742	15,072	16,737	11,421	6,258	7,409	8,510	5,709
Canceled	534	1,052	935	1,273	271	523	475	653
Capital expenditure	11,101	12,223	11,648	13,332	5,450	6,003	5,912	6,666
Closing backlog	42,514	44,311	48,465	45,281	39,314	40,197	42,320	40,711
Primary iron & steel								
Opening backlog	2,182	1,986	2,073	1,980	4,446	4,346	4,392	4,342
Newly approved	428	668	468	607	219	347	251	317
Canceled	135	51	26	779	69	26	14	407
Capital expenditure	489	530	535	717	250	275	287	374
Closing backlog	1,986	2,073	1,980	1,091	4,346	4,392	4,342	3,878
Primary nonferrous metals								
Opening backlog	3,110	3,003	2,526	2,538	3,418	3,363	3,123	3,129
Newly approved	255	263	291	208	130	133	150	103
Canceled	16	359	−38	23	8	181	−20	11
Capital expenditure	346	381	317	395	177	192	164	196
Closing backlog	3,003	2,526	2,538	2,328	3,363	3,123	3,129	3,025
Electrical machinery & equipment								
Opening backlog	5,969	6,104	6,713	6,111	5,134	5,201	5,503	5,198
Newly approved	2,852	3,760	1,724	2,444	1,407	1,863	874	1,196
Canceled	104	298	82	95	51	148	42	47
Capital expenditure	2,613	2,853	2,244	2,681	1,289	1,413	1,137	1,312
Closing backlog	6,104	6,713	6,111	5,779	5,201	5,503	5,198	5,035
Nonelectrical machinery								
Opening backlog	6,071	6,245	7,103	8,152	5,753	5,840	6,261	6,791
Newly approved	2,756	3,246	4,026	2,851	1,377	1,593	2,034	1,442
Canceled	203	−23	411	44	101	−11	208	22
Capital expenditure	2,379	2,411	2,566	3,288	1,189	1,183	1,296	1,663
Closing backlog	6,245	7,103	8,152	7,671	5,840	6,261	6,791	6,548
Motor vehicles & equipment								
Opening backlog	14,105	14,289	14,706	18,256	10,176	10,265	10,469	12,292
Newly approved	1,725	2,991	5,761	1,574	832	1,463	2,957	793
Canceled	−140	401	363	213	−67	196	186	107
Capital expenditure	1,681	2,173	1,848	2,275	810	1,063	948	1,147
Closing backlog	14,289	14,706	18,256	17,342	10,265	10,469	12,292	11,831
Other transportation equipment								
Opening backlog	3,012	3,264	3,441	3,834	2,530	2,643	2,725	2,919
Newly approved	1,391	1,294	1,799	1,282	622	604	891	632
Canceled	−11	−26	−18	16	−5	−12	−9	8
Capital expenditure	1,150	1,143	1,424	1,208	514	534	706	595
Closing backlog	3,264	3,441	3,834	3,892	2,643	2,725	2,919	2,948
Stone, clay & glass								
Opening backlog	1,702	2,027	2,219	2,109	2,039	2,206	2,305	2,249
Newly approved	854	751	700	837	439	385	358	433
Canceled	7	−56	39	5	4	−29	20	3
Capital expenditure	522	615	771	838	268	315	394	433
Closing backlog	2,027	2,219	2,109	2,103	2,206	2,305	2,249	2,246
Fabricated metals								
Opening backlog	1,195	1,100	1,145	1,270	1,419	1,370	1,393	1,460
Newly approved	285	310	375	254	144	158	200	126
Canceled	118	−31	−15	26	60	−16	−8	13
Capital expenditure	262	296	265	257	133	151	141	127
Closing backlog	1,100	1,145	1,270	1,241	1,370	1,393	1,460	1,446

TABLE 1. CAPITAL APPROPRIATIONS AND EXPENDITURES (continued)

	Current Dollars				Constant (1972) Dollars			
	III-84	IV-84	I-85	II-85	III-84	IV-84	I-85	II-85
Instruments & photo equipment								
Opening backlog	2,013	1,904	1,944	1,834	1,700	1,646	1,665	1,610
Newly approved	1,056	1,379	999	948	521	670	500	464
Canceled	97	146	58	58	48	71	29	28
Capital expenditure	1,068	1,193	1,051	938	527	580	526	459
Closing backlog	1,904	1,944	1,834	1,786	1,646	1,665	1,610	1,587
Other durable goods†								
Opening backlog	2,048	2,592	2,441	2,381	2,161	2,433	2,362	2,332
Newly approved	1,140	410	594	416	568	193	296	203
Canceled	5	−67	27	14	2	−32	13	7
Capital expenditure	591	628	627	735	294	296	313	359
Closing backlog	2,592	2,441	2,381	2,048	2,433	2,362	2,332	2,169
NONDURABLE GOODS								
Opening backlog	47,773	49,551	50,056	50,886	43,101	43,949	44,219	44,615
Newly approved	14,567	14,028	13,201	17,184	6,948	6,958	6,573	8,373
Canceled	856	1,159	665	1,148	405	575	335	565
Capital expenditure	11,933	12,364	11,706	12,341	5,696	6,112	5,842	6,015
Closing backlog	49,551	50,056	50,886	54,581	43,949	44,219	44,615	46,409
Food & beverages								
Opening backlog	4,863	5,043	5,061	5,531	4,514	4,601	4,609	4,838
Newly approved	1,677	1,518	2,045	1,853	814	752	1,000	892
Canceled	131	100	30	201	663	694	756	817
Capital expenditure	1,366	1,400	1,545	1,697	64	50	15	97
Closing backlog	5,043	5,061	5,531	5,486	4,601	4,609	4,838	4,816
Textiles								
Opening backlog	787	598	547	535	825	729	702	695
Newly approved	142	229	222	182	73	119	114	91
Canceled	36	27	−10	73	18	14	− 5	37
Capital expenditure	295	253	244	202	151	132	126	101
Closing backlog	598	547	535	442	729	702	695	648
Paper & allied products								
Opening backlog	4,839	5,432	5,907	5,715	4,313	4,627	4,871	4,770
Newly approved	1,586	1,955	924	1,173	838	1,008	486	603
Canceled	112	292	237	331	59	151	125	170
Capital expenditure	881	1,188	879	880	465	613	462	452
Closing backlog	5,432	5,907	5,715	5,677	4,627	4,871	4,770	4,751
Chemicals & allied products								
Opening backlog	7,682	7,720	7,758	8,506	8,441	8,460	8,480	8,859
Newly approved	2,741	3,219	3,414	3,006	1,378	1,605	1,730	1,506
Canceled	42	141	126	270	21	70	64	135
Capital expenditure	2,661	3,040	2,540	2,802	1,338	1,515	1,287	1,403
Closing backlog	7,720	7,758	8,506	8,440	8,460	8,480	8,859	8,827
Petroleum and coal products								
Opening backlog	23,844	24,945	24,686	24,651	20,661	21,159	21,035	21,018
Newly approved	7,294	5,670	5,619	8,497	3,296	2,729	2,748	4,050
Canceled	481	530	294	390	217	255	144	186
Capital expenditure	5,712	5,399	5,360	5,611	2,581	2,598	2,621	2,674
Closing backlog	24,945	24,686	24,651	27,147	21,159	21,035	21,018	22,208
Rubber products								
Opening backlog	1,350	1,364	1,561	1,653	1,258	1,265	1,369	1,401
Newly approved	264	615	392	1,829	133	326	199	919
Canceled	−42	37	−103	−151	−21	20	−52	−76
Capital expenditure	292	381	403	493	147	202	219	248
Closing backlog	1,364	1,561	1,653	3,140	1,265	1,369	1,401	2,148
Other nondurable goods†								
Opening backlog	4,408	4,449	4,536	4,295	3,090	3,110	3,155	3,034
Newly approved	863	822	585	644	417	419	296	313
Canceled	96	32	91	34	46	16	46	17
Capital expenditure	726	703	735	656	351	358	371	319
Closing backlog	4,449	4,536	4,295	4,249	3,110	3,155	3,034	3,011

See General Notes on page 8.

TABLE 2. PERCENT CHANGES IN CAPITAL APPROPRIATIONS AND EXPENDITURES

Seasonally Adjusted Data in Current and Constant (1972) Dollars

	Current Dollars				Constant Dollars			
	III-84 to IV-84	IV-84 to I-85	I-85 to II-85	II-84 to II-85	III-84 to IV-84	IV-84 to I-85	I-85 to II-85	II-84 to II-85
				—APPROPRIATIONS—				
ALL MANUFACTURING	6.6	2.9	– 4.5	–16.2	8.8	5.0	–6.6	–17.7
ALL MFG. EX PETROLEUM	17.1	3.8	–17.3	–25.5	17.4	6.0	–18.7	–25.4
DURABLE GOODS	18.3	11.0	–31.8	–38.9	18.4	14.9	–32.9	–38.2
Primary iron & steel	56.1	–29.9	29.7	71.0	58.6	–27.7	26.3	69.5
Primary nonferrous metals	3.1	10.6	–28.5	–39.0	– 1.9	13.2	–31.4	–40.5
Electrical machinery & equipment	31.8	–54.1	41.8	2.1	32.4	–53.1	36.9	– 0.5
Nonelectrical machinery	17.8	24.0	–29.2	4.7	15.7	27.7	–29.1	7.9
Motor vehicles & equipment	73.4	92.6	–72.7	–81.7	75.9	102.1	–73.2	–81.0
Other transportation equipment	– 7.0	39.0	–28.7	–12.8	– 2.8	47.5	–29.1	–12.7
Stone, clay & glass	–12.1	– 6.8	19.6	42.3	–12.3	– 7.0	20.8	41.5
Fabricated metals	8.8	21.0	–32.3	– 5.2	9.9	26.1	–36.9	– 8.0
Instruments & photo equipment	30.6	–27.6	– 5.1	–25.5	28.7	–25.4	– 7.1	–28.4
Other durable goods†	–64.0	44.9	–30.0	–40.6	–65.9	53.1	–31.5	–44.1
NONDURABLE GOODS	– 3.7	– 5.9	30.2	11.4	0.1	– 5.5	27.4	6.4
Food & beverages	– 9.5	34.7	– 9.4	– 7.2	– 7.6	33.0	–10.8	–10.4
Textiles	61.3	– 3.1	–18.0	–44.8	64.3	– 4.1	–20.2	–46.8
Paper & allied products	23.3	–52.7	26.9	–30.3	20.4	–51.8	24.0	–31.1
Chemicals & allied products	17.4	6.1	–12.0	3.1	16.4	7.8	–13.0	0.5
Petroleum & coal products	–22.3	– 0.9	51.2	18.9	–17.2	0.7	47.4	10.7
Rubber products	133.0	–36.3	366.6	398.4	145.5	–38.8	361.1	383.7
Other nondurable goods†	– 4.8	–28.8	10.1	–34.4	0.3	–29.4	6.0	–34.9
				—EXPENDITURES—				
ALL MANUFACTURING	6.7	– 4.9	9.8	18.1	8.7	– 3.0	7.9	15.4
ALL MFG. EX PETROLEUM	10.8	– 6.1	11.3	23.0	11.1	– 4.0	9.6	21.8
DURABLE GOODS	10.1	– 4.7	14.5	32.8	10.1	– 1.5	12.8	32.7
Primary iron & steel	8.4	0.9	34.0	48.4	10.1	4.2	30.5	46.7
Primary nonferrous metals	10.1	–16.8	24.6	21.2	8.8	–14.9	19.7	18.8
Electrical machinery & equipment	9.2	–21.3	19.5	14.6	9.7	–19.5	15.4	11.6
Nonelectrical machinery	1.3	6.4	28.1	67.1	– 0.5	9.6	28.3	72.0
Motor vehicles & equipment	29.3	–15.0	23.1	38.8	31.1	–10.8	20.9	44.5
Other transportation equipment	– 0.6	24.6	–15.2	12.8	3.8	32.1	–15.6	12.7
Stone, clay & glass	17.8	25.4	8.7	76.8	17.5	25.1	9.8	75.3
Fabricated metals	13.0	–10.5	– 3.0	12.7	14.1	– 6.7	– 9.7	9.5
Instruments & photo equipment	11.7	–11.9	–10.8	–10.0	10.1	– 9.3	–12.7	–13.4
Other durable goods†	6.3	– 0.2	17.2	56.4	0.7	5.5	14.7	47.1
NONDURABLE GOODS	3.6	– 5.1	5.2	5.5	7.3	– 4.4	3.0	0.7
Food & beverages	2.5	10.4	9.8	33.3	4.6	8.9	8.1	28.7
Textiles	–14.2	– 3.6	–17.2	–35.5	–12.6	– 4.6	–19.5	–37.7
Paper & allied products	34.8	–2[illegible].0	0.1	1.7	31.7	–24.5	– 2.2	0.4
Chemicals & allied products	14.2	–16.4	10.3	– 0.8	13.3	–15.1	9.0	– 3.3
Petroleum & coal products	– 5.5	– 0.7	4.7	3.3	0.7	0.9	2.0	– 3.8
Rubber products	30.5	12.9	14.7	104.6	37.5	8.3	13.3	98.4
Other nondurable goods†	– 3.2	4.6	–10.7	–12.4	2.0	3.7	–14.1	–13.1

See General Notes on page 8.

TABLE 3. CAPITAL APPROPRIATIONS AND EXPENDITURES, ANNUAL TOTALS

In Millions of Current and Constant (1972) Dollars

	Current Dollars				Constant (1972) Dollars			
	1981	1982	1983	1984	1981	1982	1983	1984
				—APPROPRIATIONS—				
ALL MANUFACTURING	106,956	87,544	88,180	116,056	55,027	43,665	44,655	57,821
ALL MFG. EX PETROLEUM	70,052	56,020	62,462	90,598	37,054	28,584	31,941	45,428
DURABLE GOODS	42,146	32,031	37,537	59,618	22,355	16,306	19,193	29,740
Primary iron & steel	5,210	1,563	2,113	2,125	2,736	841	1,111	1,113
Primary nonferrous metals	2,482	1,082	1,164	1,363	1,497	564	578	702
Electrical machinery & equipment	5,787	6,663	8,869	11,987	3,073	3,446	4,476	6,018
Nonelectrical machinery	12,700	8,710	7,909	10,854	6,674	4,351	4,049	5,390
Motor vehicles & equipment	3,489	3,915	5,807	16,686	1,793	1,924	2,954	8,209
Other transportation equipment	3,099	3,225	3,601	5,059	1,589	1,599	1,816	2,445
Stone, clay & glass	2,094	1,562	1,625	2,767	1,126	826	849	1,427
Fabricated metals	1,765	1,022	960	1,221	931	531	506	632
Instruments & photo equipment	4,273	3,372	3,614	4,859	2,273	1,753	1,874	2,445
Other durable goods†	1,247	917	1,875	2,697	663	470	980	1,358
NONDURABLE GOODS	64,810	55,513	50,643	56,438	32,672	27,359	25,462	28,081
Food & beverages	5,772	5,792	5,909	6,993	3,022	2,927	2,978	3,470
Textiles	1,150	1,028	1,194	1,104	610	541	624	572
Paper & allied products	5,010	4,006	3,231	5,936	2,704	2,130	1,701	3,088
Chemicals & allied products	12,019	9,476	10,002	11,831	6,328	4,828	5,102	6,018
Petroleum & coal products	36,904	31,524	25,718	25,458	17,973	15,081	12,714	12,393
Rubber products	813	776	965	1,616	431	391	509	807
Other nondurable goods†	3,142	2,911	3,624	3,500	1,603	1,459	1,834	1,732
				—EXPENDITURES—				
ALL MANUFACTURING	101,341	98,614	75,710	90,308	51,949	49,205	38,416	44,870
ALL MFG. EX PETROLEUM	69,763	65,297	55,269	68,676	36,646	33,272	28,308	34,393
DURABLE GOODS	42,871	39,945	32,254	42,865	22,505	20,322	16,516	21,333
Primary iron & steel	3,405	3,545	2,136	1,984	1,797	1,912	1,130	1,035
Primary nonferrous metals	2,386	1,574	1,207	1,385	1,252	818	604	707
Electrical machinery & equipment	6,069	6,354	6,964	10,100	3,225	3,285	3,522	5,049
Nonelectrical machinery	11,289	10,906	7,768	8,648	5,939	5,425	3,969	4,294
Motor vehicles & equipment	6,688	5,610	4,007	6,991	3,429	2,749	2,042	3,438
Other transportation equipment	3,464	3,156	3,179	4,338	1,770	1,561	1,606	2,060
Stone, clay & glass	1,886	1,726	1,666	2,083	1,016	914	872	1,074
Fabricated metals	1,515	1,513	871	1,025	799	785	458	527
Instruments & photo equipment	3,629	3,827	3,145	4,202	1,931	1,988	1,634	2,102
Other durable goods†	2,540	1,734	1,311	2,109	1,347	885	679	1,048
NONDURABLE GOODS	58,470	58,669	43,456	47,443	29,443	28,883	21,900	23,536
Food & beverages	6,744	5,802	5,426	5,374	3,523	2,933	2,734	2,663
Textiles	1,039	1,044	975	1,164	550	550	511	602
Paper & allied products	3,746	3,653	3,357	3,842	2,025	1,935	1,774	1,998
Chemicals & allied products	11,785	11,180	9,340	11,211	6,199	5,690	4,770	5,694
Petroleum & coal products	31,578	33,317	20,441	21,632	15,303	15,933	10,108	10,477
Rubber products	749	704	889	1,216	398	355	468	617
Other nondurable goods†	2,829	2,969	3,028	3,004	1,445	1,487	1,535	1,486

Each annual figure is the sum of not-seasonally-adjusted quarterly figures, and may not equal the sum of seasonally adjusted quarterly figures.

GENERAL NOTES

Data for 1984 and 1985-I are revised; data for 1985-II are preliminary.

Amounts shown as "canceled" in Table 2 also include adjustments and corrections to appropriations backlogs, such as cost over- or under-runs.

All estimates are based on a survey and are for the survey population, which is composed of the 1,000 largest manufacturing companies as ranked by total assets. These companies accounted for approximately 75% of all manufacturing corporations' assets in 1979.

Historical data from 1953 available on request (1) quarterly series seasonally adjusted; (2) quarterly series not seasonally adjusted; (3) annual series.

†Other durables includes lumber, furniture and fixtures, and miscellaneous manufactures; other nondurables includes tobacco, apparel, printing and publishing, and leather.

TABLE 4. ADEQUACY OF CAPITAL FACILITIES

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985	July 1985
					Inadequate					
All Manufacturing	6.8	6.3	8.3	9.6	10.2	8.2	10.0	11.0	10.9	9.1
Durable goods	10.8	9.5	14.7	18.3	18.1	14.2	16.8	15.7	17.4	17.3
Nondurable goods	3.4	3.5	3.2	2.6	3.7	3.2	4.3	6.4	5.3	2.4
					Sufficient					
All Manufacturing	44.6	47.9	50.6	52.9	54.3	55.3	54.4	52.9	50.2	52.7
Durable goods	40.6	50.0	44.3	47.5	49.0	49.0	50.3	53.1	54.4	53.5
Nondurable goods	47.9	46.0	55.6	57.2	58.6	60.5	57.8	52.7	46.5	52.1
					More Than Adequate					
All Manufacturing	48.6	45.8	41.1	37.5	35.5	36.5	35.6	36.1	38.9	38.2
Durable goods	48.6	40.5	41.0	34.2	32.9	36.8	32.9	31.2	28.2	29.2
Nondurable goods	48.7	50.5	41.2	40.2	37.7	36.3	37.9	40.9	48.2	45.5

TABLE 5. CHANGE IN CAPITAL FACILITIES EXPECTED FROM CURRENT SPENDING PROGRAMS

Percent Distribution of Responding Companies Weighted by Assets

	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985	July 1985
					Expansion					
All Manufacturing	45.6	40.6	44.4	46.1	49.2	49.7	52.7	51.4	50.9	49.5
Durable goods	43.4	40.9	46.0	45.2	49.0	51.6	58.8	59.0	60.2	52.4
Nondurable goods	47.3	40.3	43.1	46.9	49.4	48.1	47.6	43.9	42.6	47.1
					No Change					
All Manufacturing	44.5	50.3	44.7	48.3	48.2	46.1	44.8	46.9	42.3	47.3
Durable goods	45.5	48.8	39.9	42.6	45.6	39.2	36.4	37.8	32.9	41.5
Nondurable goods	43.6	51.6	48.5	52.8	50.3	51.9	51.9	56.0	50.7	52.1
					Reduction					
All Manufacturing	10.0	9.2	10.9	5.6	2.6	4.2	2.5	1.7	6.8	3.2
Durable goods	11.1	10.3	14.1	12.2	5.4	9.2	4.8	3.3	6.9	6.1
Nondurable goods	9.1	8.2	8.4	0.3	0.3	0.0	0.6	0.1	6.7	0.8

TABLE 6. ANTICIPATED SOURCES OF FUNDS FOR CAPITAL EXPENDITURES

Percent Distribution of Responding Companies Weighted by Assets

	1981		1982		1983		1984		1985	
	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half	First Half	Second Half (r-2)
From Internal Sources										
All Manufacturing	84.3	83.6	81.3	81.5	87.0	89.9	91.2	89.1	91.2	91.2
Durable goods	82.4	83.9	79.7	78.3	85.3	88.2	89.4	87.3	92.8	91.7
Nondurable goods	85.7	83.4	82.6	84.2	88.4	91.3	92.8	90.7	89.8	90.8
From External Sources										
All Manufacturing	15.7	16.4	18.7	18.5	13.0	10.1	8.8	10.9	8.8	8.8
Durable goods	17.6	16.1	20.3	21.7	14.7	11.8	10.6	12.7	7.2	8.3
Nondurable goods	14.3	16.6	17.4	15.8	11.6	8.7	7.2	9.3	10.2	9.2

TABLE 7. AVAILABILITY OF EXTERNAL CAPITAL FUNDS COMPARED WITH THREE MONTHS EARLIER

Percent Distribution of Responding Companies

	Apr. 1983	July 1983	Oct. 1983	Jan. 1984	Apr. 1984	July 1984	Oct. 1984	Jan. 1985	Apr. 1985	July 1985
Easier										
All Manufacturing	15.9	9.5	11.4	9.3	5.1	5.0	5.3	8.7	7.0	5.9
Durable goods	16.7	9.6	10.6	9.4	5.2	5.2	5.7	9.2	8.3	6.7
Nondurable goods	15.1	9.4	12.3	9.1	5.1	4.8	4.9	8.2	5.6	4.9
Same										
All Manufacturing	81.3	87.1	86.7	88.2	90.8	91.9	92.2	86.9	89.0	90.2
Durable goods	79.6	86.9	87.3	87.2	91.6	91.6	91.2	85.4	87.6	88.6
Nondurable goods	82.8	87.3	86.1	89.2	89.9	92.2	93.3	88.7	90.7	92.1
Tighter										
All Manufacturing	2.9	3.4	1.9	2.5	4.1	3.1	2.5	4.4	4.0	3.9
Durable goods	3.8	3.5	2.1	3.3	3.1	3.1	3.1	5.4	4.1	4.7
Nondurable goods	2.1	3.3	1.6	1.7	5.1	3.0	1.8	3.1	3.7	3.0

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, call Linette Stein Waters at (212) 759-0900.